



# The University of Auckland

Annual Report 2012



“taking our place with world class universities on the global stage.”





# Contents

## Overview

Chancellor's review	4
Vice-Chancellor's report	6
Key facts and figures	8
University governance	12

## Teaching and Research

Quality over quantity	18
Faculties, Institutes, Uniservices	22

## Statement of Service Performance

Statement of service performance	30
Statement of costs of outputs	45
Student services levy	45

## Financial Statements

Statement of responsibility	48
Statement of comprehensive income	49
Statement of financial position	50
Statement of cash flows	51
Statement of changes in equity	52
Notes to the Financial Statements	53

Report of the Auditor General	80
Statement of resources	82
Glossary	83



Dr Ian Parton Chancellor

## Chancellor's review

The 2012 year marked an important milestone in the life of the University as we celebrated the achievements associated with one strategic planning period, embarked on another, and made a hugely significant decision on the future development of our campuses.

In 2005, the University Council adopted the Strategic Plan 2005-2012. This was an ambitious plan and one that was in some respects controversial, partly because it included explicit quantitative targets and partly because it reflected a significant change in how the University saw its future. In particular, it called for us to become the first New Zealand university to limit entry to all academic programmes while raising entry standards but also ensuring that there were "equal opportunities for all those of ability to succeed". The Plan also challenged us to achieve a profile more like that of the leading western research universities against which we benchmark ourselves.

As is demonstrated in detail later in this report, most of those objectives were achieved. Thus, in just eight years we have markedly raised the entry qualifications of our students while holding total student numbers essentially constant; increased our masters thesis completions by half; nearly doubled our doctoral completions; increased our total revenue by \$372 million; increased our annual research income (a measure of engagement with research end-users) by \$100 million; raised over \$200 million in

philanthropic support; and completed several major building projects with a total spend of \$611 million. Sadly, even these achievements have not been sufficient to maintain our international rankings, a fact which reflects the very low levels of public investment in New Zealand universities by international standards. This in turn poses a significant threat to our ability to attract top international students, to retain in New Zealand very able domestic students, and to build the kinds of international partnerships on which this University and this nation depend.

These constraints notwithstanding, we are committed to creating for New Zealand a university of truly international quality. Thus, during 2012 we engaged in a very extensive process of consultation around the University's strategy for the next eight years. Having spent 2011 discussing how the institution had progressed in recent years and what more needed to be done, the Council in early 2012 approved for consultation a draft Strategic Plan 2013-2020. The consultation process was extensive, involving over 900 people participating in some 30 presentations or discussions and leading to 80 submissions.

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The amended Strategic Plan 2013-2020, as approved by the University Council, builds on earlier achievements but also includes some new elements. Whereas the previous Plan was focused on activities, its successor is focused on people: on the need to attract, develop and retain a high performing, well supported and engaged body of staff, and students of high academic potential who will go on to be successful and influential graduates and alumni. It seeks a level of achievement from the University that will place us, by 2020, in the top half of the Australian Group of Eight, the UK Russell Group, and the Canadian U15 group. And it projects how, in order to achieve that, we will need a focus on continuing to grow the graduate programme, meet the demand of high achieving students for an outstanding academic and extracurricular experience, and achieve the strengthened and diversified revenue base required to support these kinds of people and activities.

The objectives of this Plan will be supported by the Council’s decision to enter into a conditional purchase agreement of the 5.2 ha former Lion Breweries site in Newmarket and so to, over time, cease our operations at the Tāmaki Campus. This move has been described as a “once in a generation” decision. It will allow us to create an integrated university across the semi-contiguous City, Grafton and Newmarket campuses, so supporting many of our

most able students in the conjoint degree programmes they often favour and promoting the kinds of interdisciplinary research that is needed to address the major challenges and opportunities facing New Zealand and the world.

The fact that the University has been able to achieve so much despite its significant external constraints owes much to the quality of its governance and management, as well as of its very talented staff and students. Under the leadership of Chancellor Roger France, and before him Hugh Fletcher, we have charted a very ambitious path for New Zealand’s leading university. Our clear strategy, effective planning processes, willingness to constantly adapt to changing circumstances and efficient use of limited resources have served us well over the last eight years and will no doubt continue to do so in the future. But we are inevitably left with a sense of lost opportunity - that we could do so much more for the people of New Zealand if only we were given greater freedom to operate in the service of the nation than has been the case in recent years.



Grafton Campus



Professor Stuart McCutcheon Vice-Chancellor

## Vice-Chancellor's report

The 2012 year was one in which the University closed out its Strategic Plan 2005-2012 with another year of outstanding achievements in a sometimes challenging environment. These achievements are a tribute to our Council, staff, students and external supporters.

Overall, demand for student places at the University continued to be strong. Total Equivalent Full Time Students (EFTS), at 32,657, were 321 below target but this simply had the desirable effect of reducing the number of unfunded positions (enrolled places in excess of those which the government has agreed to fund). Although our total student numbers have been largely stable for some years (as part of our strategy to focus on quality over quantity), we have seen encouraging changes in the mix of students. Thus our proportions of research postgraduate and taught postgraduate EFTS reached 8 and 14 percent respectively, in line with our strategy to grow the graduate school in a manner consistent with our international benchmarking peers. International students now make up just under 20 per cent of our postgraduate students, which is very pleasing, and shows that the University is an attractive destination for such students

International student numbers increased to 12.6 percent of the student body. This marks a significant recovery from the early 2000's when the high profile failure of several private organisations led to quite serious reputational damage to New Zealand as a provider of international education. However, we

need to further increase our proportion of international students, to further internationalise the University, continue to grow the graduate programme, and to give us a more diverse revenue base. Most international students generate returns (over additional costs) considerably higher than equivalent domestic students, so that the revenue from international students now contributes most of the University's annual operating surplus. Put another way, this University, like all its New Zealand peers, would not be financially viable if it had to rely on its domestic tuition and research activities.

The growth in postgraduate enrolments has in turn led to growth in postgraduate degree completions – 862 masters and 325 doctoral graduates in 2012 alone. Together with the ca 10,000 students who graduated with a bachelors or other qualification, this represents a significant contribution to New Zealand and other societies, as well as to the graduates themselves. Although the question was the subject of some media debate during the year, there is incontrovertible evidence that a university qualification significantly enhances employment opportunities, lifetime earnings and related outcomes such as health – which, of course, is why so

many students and their families invest time and money in a quality university education.

Making these advantages available to all students of high academic potential, no matter what their personal circumstances, remains a real challenge for the University, for government, and for our society. Despite the many programmes we operate to support students from under-represented groups (for example Māori and Pasifika communities, low socio-economic families and students with disabilities), there has been little change in the composition of our domestic student body or staff for a number of years. This is not to say that our programmes have been

completion of the 442-bed University Hall on the Elam site and commencement of a 434-bed, apartment style facility on the former Carlaw Park site, the latter project with a private developer; completion of the Tāmaki IT data centre; near completion of the \$240 million upgrade of the Grafton Campus, home to the Faculty of Medical and Health Sciences; excellent progress on the refurbishment and strengthening of the physics/mathematics building and new chemistry teaching laboratories; and the approval by the University Council of two major projects, both involving new and refurbished facilities for the faculties of Science and Engineering at a total cost in the order of half a billion dollars. On top of all this came the opportunity to purchase the 5.2 ha

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## “Our profound gratitude is due to the over 3,000 donors who contributed so generously to the \$200 million ‘Leading the Way’ campaign”

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unsuccessful (things would likely be considerably worse without them), or that we cannot do more, but we do need to consider how best to address issues that arise long before prospective students are ready for university study. That said, it is important to acknowledge that 25 percent of the Māori degree graduates and 40 percent of the Pasifika degree graduates in New Zealand are from The University of Auckland.

Resourcing new initiatives is, however, becoming increasingly difficult given that our per-student funding continues to decline in real terms. The 8.8 percent increase in the government subsidy for engineering courses announced in the 2012 Budget for 2013, together with a 2 percent increase for science courses and no increase for any other type of course, represents a 1.2 percent increase overall for this University given our mix of programmes. Coupled with the 4 percent maximum allowable increase in student fees, this constitutes a net loss to the University in real terms of about \$6.6 million, the equivalent of nearly 70 staff positions. The resources available to the University in 2013 pose on-going challenges in maintaining high levels of achievement from a revenue base per student that is among the lowest in the developed world.

While the after-effects of the global financial crisis have had a positive effect on enrolments as students seek to enhance their value in the job market, they have had a very constraining effect on research revenues. This has been a consequence both of businesses cutting back on research and development, and of government reducing its expenditure on policy-related research. As a consequence, external investment in research grants and contracts increased only marginally on the previous year to \$229 million. Nonetheless, the University was very successful in both the Marsden Fund and Health Research Council rounds, which will help to lay a sound platform for future research. The economic impact of our research continues to be high, but as I have noted on many occasions, the University’s research makes an impact in a vast array of fields – social, cultural and environmental, as well as economic – and as a comprehensive university we derive much of our strength from the diversity of, and interaction between, our many disciplines.

The excellence of our teaching and research is being continually enhanced by the quality of our facilities which are being expanded and upgraded as part of a ca \$1 billion commitment during the current decade. This year saw, among other projects: the

former Lion Breweries site in Newmarket. This purchase, if transacted successfully in April, will provide the University with a site for expansion over the next 30 years contiguous with the City and Grafton Campuses and with the major business area in Newmarket.

Another major success for the University was the completion of the “Leading the Way” philanthropic campaign. Launched in 2006 with an original target of raising \$100 million, the Campaign closed at the Chancellor’s Dinner in October having raised a stunning \$202 million, most of it for the support of our talented people through undergraduate and postgraduate scholarships, postdoctoral fellowships, and funded academic positions, as well as for a great variety of research projects. Many students and staff, as well as the wider community, will benefit from this outstanding level of philanthropy. Our profound gratitude is due to the over 3,000 donors who contributed so generously to the \$200 million “Leading the Way” campaign. For the future, we will seek to create a major endowment for the University so as to help protect our high performing staff and students from the increasingly difficult financial constraints that are imposed on us by the New Zealand public policy environment. This will be one of the key objectives of our new Strategic Plan 2013-2020 to which the Chancellor has referred in his overview.

Finally, I wish to acknowledge and thank the many outstanding people who have contributed to the success of the University during 2012. We have been the beneficiaries of an ambitious Council and a very able group of senior managers, supported by a strong complement of professional staff. Our donors and supporters have been magnificent, even in a time of global financial uncertainty. And our academic staff have been recognised in a variety of ways through external awards both nationally and internationally, with thirteen of them elevated to the status of distinguished professor. But most of all I have been encouraged by seeing the quality and achievements of the staff who have been promoted this year to associate professor and professor. I am confident that the future of the University is in very good hands. The challenge for all of us will be to ensure that we continue to build an organisation in which such talent can flourish to the benefit of New Zealand and the rest of the world.

# Key facts and figures

Full-time Equivalent staff (FTE)	2010	2011	2012
Academic	2,037	2,050	2,160
Professional	2,688	2,734	2,859
<b>Total</b>	<b>4,725</b>	<b>4,784</b>	<b>5,019</b>

Students	2010	2011	2012
Equivalent Full-time Students (EFTS)	32,655	32,193	32,657
Headcount	40,927	40,379	40,784

Gender (students)	2010	2011	2012
Male	17,588	17,381	17,654
Female	23,389	22,998	23,130
<b>Total</b>	<b>40,977</b>	<b>40,379</b>	<b>40,784</b>

Workload (students)	2010	2011	2012
Full-time	25,790	25,697	26,337
Part-time	15,187	14,682	14,447
<b>Total</b>	<b>40,977</b>	<b>40,379</b>	<b>40,784</b>

Ethnicity (students)	2010	2011	2012
European	17,333	17,069	17,349
Māori	2,769	2,737	2,807
Pacific	3,210	3,151	3,153
Asian	14,631	14,670	14,858
Other	1,953	2,043	2,117
No response	1,081	709	500
<b>Total</b>	<b>40,977</b>	<b>40,379</b>	<b>40,784</b>

Age group (students)	2010	2011	2012
18 or less	1,860	1,973	2,039
19 - 20	10,194	10,276	10,787
21 - 23	12,772	12,704	12,924
24 - 29	7,257	7,160	7,094
30 - 39	4,350	4,078	3,982
40+	4,544	4,188	3,958
<b>Total</b>	<b>40,977</b>	<b>40,379</b>	<b>40,784</b>

Student enrolment by qualification (EFTS)	2010	2011	2012
Doctor of Philosophy	1,429	1,503	1,635
Other doctoral degree	92	84	75
Master degree	1,676	1,727	1,740
Postgraduate Diploma	2,488	2,180	2,236
Bachelor honours	733	691	731
Bachelor degree	24,423	24,398	24,673
Undergraduate Diploma	613	455	382
Certificate	1,089	1,085	1,129
<b>Total</b>	<b>32,543</b>	<b>32,123</b>	<b>32,600</b>

**Note**

- EFTS from formal qualifications only are included.

Completions by qualification	2010	2011	2012
Doctor of Philosophy	273	286	288
Other doctoral degree	24	33	26
Master degree	1,197	1,304	1,446
Postgraduate Certificate / Diploma	2,453	2,562	1,931
Bachelor honours	504	822	614
Bachelor degree	4,574	5,705	5,608
Undergraduate Diploma	381	442	830
Certificate	272	365	440
<b>Total</b>	<b>9,678</b>	<b>11,519</b>	<b>11,183</b>

**Note**

The completion of a conjoint degree is counted as one qualification

Programme enrolments (students)	2010	2011	2012
Arts	8,218	8,266	8,375
Auckland Bioengineering Institute	73	72	69
Business and Economics	7,103	7,297	7,068
Creative Arts and Industries	2,108	2,064	1,952
Education	4,473	4,122	3,906
Engineering	3,365	3,387	3,630
Law	1,962	1,974	1,789
Liggins Institute	46	33	37
Medical and Health Sciences	4,972	5,146	5,188
Science	7,943	7,885	8,057
University Programmes	2,476	2,497	2,574
<b>Total</b>	<b>42,738</b>	<b>42,740</b>	<b>42,645</b>

**Note**

- Conjoint degrees, PhD and other doctorate enrolments are reported with their sponsoring faculty.  
For example, a student enrolled in BA/BSc will be distributed between Science and Arts at a ratio of 50/50.
- Students enrolled in more than one qualification during the year are counted in each qualification.
- University Programmes include inter-faculty offerings as well as University Certificates and Tertiary Foundation Certificate.
- Adult and community education enrolments are not included.

Undergraduate enrolment (EFTS)	2010	2011	2012
Arts	5,234	5,079	5,092
Business and Economics	4,948	4,900	4,826
Creative Arts and Industries	1,263	1,254	1,216
Education	2,240	2,178	2,006
Engineering	2,264	2,259	*1,909
Law	1,217	1,220	1,216
Medical and Health Sciences	2,346	2,404	2,673
Science	5,824	5,860	5,943
University Programmes	529	518	487
<b>Total</b>	<b>25,864</b>	<b>25,672</b>	<b>25,368</b>

**Note**

- University programmes include Tertiary Foundation Certificate and University of Auckland at Manukau enrolments.
- Only formal enrolments are included; adult and community education enrolments are excluded.
- \* In 2012 level four courses toward the BE (Hons) were reclassified as Postgraduate.

Postgraduate enrolment (EFTS)	2010	2011	2012
Arts	847	810	848
Auckland Bioengineering Institute	67	58	62
Business and Economics	802	755	707
Creative Arts and Industries	493	507	485
Education	1,122	998	1,076
Engineering	574	597	*1,175
Law	172	175	152
Liggins Institute	34	34	30
Medical and Health Sciences	1,179	1,171	1,291
Science	1,379	1,339	1,396
University Programmes	9	8	10
<b>Total</b>	<b>6,679</b>	<b>6,452</b>	<b>7,232</b>

**Note**

- \* In 2012 level four courses toward the BE (Hons) were reclassified as Postgraduate.

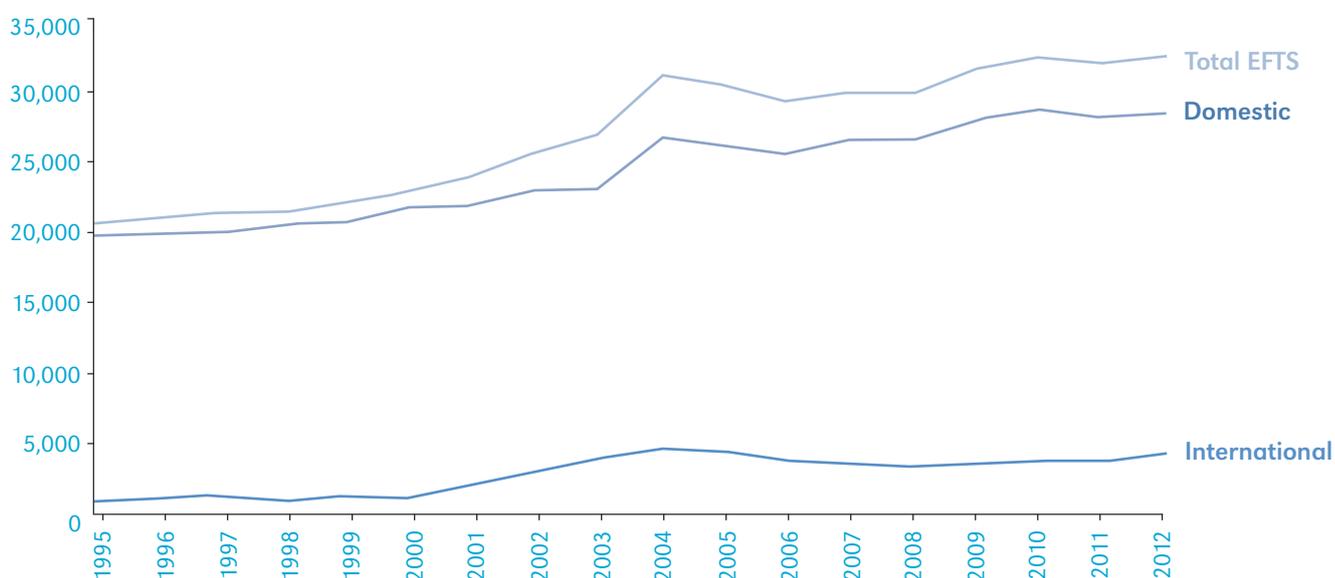
Qualifications awarded (by faculty)	2010	2011	2012
Arts	1,355	2,625	2,323
Auckland Bioengineering Institute	7	14	10
Business and Economics	1,911	2,254	2,124
Creative Arts and Industries	559	618	687
Education	1,629	1,385	1,485
Engineering	840	721	885
Law	350	416	406
Medical and Health Sciences	1,613	1,751	1,711
Science	1,739	2,250	2,022
University Programmes	124	172	174
<b>Total</b>	<b>10,127</b>	<b>12,206</b>	<b>11,827</b>

**Note**

The award of conjoint degrees are recognised in each awarding faculty.

International students (students)	2010	2011	2012
China	1,100	1,315	1,576
Malaysia	691	597	591
United States	548	532	529
Korea, Republic of	458	460	456
India	196	209	246
Japan	63	107	139
Germany	224	151	124
Norway	62	74	106
United Kingdom	85	93	100
Iran (Islamic Republic Of)	43	62	90
Viet Nam	55	72	85
Canada	88	94	84
Hong Kong	59	57	78
Taiwan	68	69	76
Other	969	982	1,021
<b>Total</b>	<b>4,709</b>	<b>4,874</b>	<b>5,301</b>

### University of Auckland EFTS 1995 to 2012



# University governance

The University of Auckland was founded in 1883 as a constituent college of the University of New Zealand. Under the University of Auckland Act 1961 the college became an autonomous university. The University is currently administered under the 1961 Act and the Education Act 1989 and its amendments.

## University autonomy and academic freedom

The Education Act 1989 gives statutory protection to the institutional autonomy of the University and the academic freedom of its staff and students. The Act also binds the Council, the Vice-Chancellor, Ministers and agencies of the Crown to act in all respects so as to preserve and enhance University autonomy and academic freedom.

## University leadership: the Council

The University's governing body is the Council, which comprises elected staff, students and graduates, Council appointees and Ministerial appointees. Two executives – the Vice-Chancellor and one of the Deputy Vice-Chancellors – are also members of Council. Council is chaired by the Chancellor, who is a lay member of Council. Under the Education Act 1989, Council has the following functions:

- Appoint a chief executive
- Carry out long-term planning for the University
- Adopt the Investment Plan
- Ensure that the institution is managed in accordance with the Investment Plan

- Determine the policies of the institution in relation to the carrying out of the Investment Plan and, subject to the State Sector Act 1988, the management of its affairs.

## The University's statutory role

In carrying out its functions, and particularly when considering the University's Investment Plan, Council is guided by the statutory characteristics of universities, which are defined in the Education Act 1989:

- They [universities] are primarily concerned with more advanced learning, the principal aim being to develop intellectual independence.
- Their research and teaching are closely interdependent and most of their teaching is done by people who are active in advancing knowledge.
- They meet international standards of research and teaching.
- They are a repository of knowledge and expertise.
- They accept the role as critic and conscience of society.

A university, according to the Act, is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates and assists the application of knowledge, develops intellectual independence and promotes community learning.



## 2012 Council

### From top left:

Appointed by the Minister of Education: Sir Ralph Norris, Andrew Ferrier, Mike Daniell and Peter Kiely; ex-officio: Deputy Vice-Chancellor, Distinguished Professor Jane Harding; elected by academic staff: Professor Geoff Austin; elected by professional staff: Steve Warrington; appointed by Council: Roger France; elected by graduates: Chancellor Dr Ian Parton.

### From bottom left:

Elected by professors: Professor Bruce Harris; ex-officio: Vice-Chancellor, Professor Stuart McCutcheon; appointed by Council: Scott St John, Sarah Roberts; elected by students: Arena Williams and Alice Wang, elected by graduates: Kate Sutton and Jan Dawson; elected by lecturers: Associate Professor Alex Sims.

## Responsibilities of Council

Council is required, when performing its functions, to fulfil various duties. These include:

- Striving to ensure that the University attains the highest standards of excellence in education, training and research
- Acknowledging the principles of the Treaty of Waitangi
- Encouraging the greatest possible participation by the communities served by the University, especially by under-represented groups
- Ensuring that the University does not discriminate unfairly against any person
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources

## The Vice-Chancellor

The Education Act 1989 entrusts the Chief Executive Officer (Vice-Chancellor) with the management of the academic and administrative matters of the University. The Vice-Chancellor is the employer of all staff. The Vice-Chancellor is supported by a Senior Management Team comprising:

- The Deputy Vice-Chancellors (Academic), (Research) and (Strategic Engagement)
- The Pro Vice-Chancellors (Equity) and (Māori)
- The Deans
- The Registrar and the Directors of Administration, Human Resources, Planning, Finance, Property Services, ITS and Alumni Relations and Development and the University Librarian
- the Chief Executive of Auckland UniServices Ltd
- The Chair of the University Budget Committee.

## The Senate

On academic matters, Council is bound to consult the Senate which the Vice-Chancellor chairs. This body includes all the professors, and representatives of sub-professorial staff and students. The Senate takes advice from the Education and Research Committees and from a number of other committees. Council has delegated to Senate the following responsibilities and functions:

- Making recommendations or reports to Council
- Furthering and coordinating the work of faculties and departments, the General Library and University Press
- Encouraging scholarship and research
- Appointing standing committees as required
- Delegating authority to its committees.

As delegate of Council, the Senate operates as a committee of Council

## The faculties

Each faculty is a committee of Senate and is headed by a Dean who is responsible for management of the teaching, research and administrative activities of a particular faculty. Each faculty has established its own structure of associate and assistant deans, and committees. Deans have primary financial responsibility for their faculties. Every year faculties are required to prepare an annual plan and an annual report that provides detail of planned activities

and achievements. In 2008 faculties developed strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will push the University, collectively, towards its targets.

## Governance documents:

### The Charter

The Charter is a high-level governance document which incorporates the mission, purpose, values and character of The University of Auckland. The Charter is no longer required by the Education Act. The University Council, however, determined that the Charter is of benefit as a guiding document to the University and has endorsed its retention. The Charter mission and values have been incorporated in the Strategic Plan.

### The Strategic Plan

The Strategic Plan is the key document in the University's cycle of planning, delivery and accountability. The Strategic Plan articulates the University's vision and strategic direction for the period of the Plan.

The objectives contained within the Strategic Plan form the basis for annual planning and resource allocation as faculties, LSRI and service divisions consider how they can best use resources to maximise progress towards the higher performance and international standing sought by the University. The measures and targets contained within the Plan provide a basis for measuring progress toward achieving the objectives.

The University's annual performance is measured against the Plan objectives and progress each year is reported in the Annual Report.

### Capital Plan and Financial Projections

The long term Capital Plan is updated annually and sets out the investment required to maintain and enhance the University's infrastructure and resources over a ten-year period. The property capital expenditure programme is reviewed by the Capital Planning and Budgeting Committee with specific project approvals sought from Council. Faculty capital requirements are established subject to an annual Asset Management Plan, the Information Technology spending programme is reviewed by the IT Strategy and Policy Committee before being approved by the Capital Planning and Budgeting Committee, and the Library Committee oversees the University Library's capital expenditure allocation. A projection of the University's financial performance and position over ten years is prepared as part of the Capital Plan. Projections of operating income and expenditure are combined with the capital requirements determined in the Capital Plan to establish an overall projection of the University's financial position and financing requirements over a ten-year period.

## Council committees:

### Finance Committee

The purpose of the Finance Committee is to monitor the finances of the University so as to satisfy Council that they are managed in a way that:

- Maintains solvency at all times
- Minimises the risk of external intervention in the affairs of the University
- Promotes achievement of the University's annual budget, mission and strategic objectives

The Finance Committee supports the Council in carrying out its duty under s.181(e) of the Education Act 1989 to “ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution’s long-term viability”.

The committee is responsible for reporting and recommending to Council concerning:

- Approval of major financial decisions
- Financial policy and regulatory matters
- Financial strategy and planning
- The financial position and performance of the University
- Any other matter that Council or the Vice-Chancellor may refer to the committee

### Audit and Risk Committee

Risk management and internal audit activities are overseen by the Audit and Risk Committee.

The principal task of the Audit and Risk Committee is to ensure that all financial statements released to the public, stakeholders, lenders or any regulatory body comply with accounting standards, and are true and fair. The committee reviews the effectiveness of internal controls in the University and the way in which they are applied.

The committee also oversees the relationship with the University’s external auditors, Ernst & Young. Ernst & Young is appointed by the Office of the Auditor-General for a three-year term. The Audit and Risk Committee receives regular reports on any matters that arise in connection with the performance of the external audit, including the adequacy of internal controls and the truth and fairness of the financial reports.

Internal audit is an integral part of the University’s risk management framework. Certain internal audit services are contracted in from PWC for a three-year term. To provide an effective service as well as the required level of assurance on a wide range of issues, a core audit programme has been developed, consisting of financial audits and audit areas matching the expertise of the principal audit provider. Audit requirements not covered by the “core” programme are resourced on a flexible, co-sourced basis, to draw on the knowledge, skills and resources of both University staff and specialist providers. Central to this approach is the development of a business-wide “risk-based” audit plan, which considers all critical business issues, operational risks, risk management processes, compliance with key legislative requirements and the effectiveness of internal financial and operational controls.

### Equity Committee

The University is committed to equitable participation and advancement of staff and students. Successful achievement of equity in employment and education can bring about innovation, a more effective use of human resources, and ultimate benefits for the creative and intellectual life of the University and its communities.

The Equity Committee is chaired by the Pro Vice-Chancellor (Equity) and supports Council in fulfilling its responsibilities under the State Sector Act 1988 and the Education Act 1989. The Equity Committee advises on staff and student equity policy; develops University plans for staff and student equity; and monitors and reports on the implementation of policies, and plans and progress towards student equity.

The Equity Office produces plans, strategies, policies and procedures. It develops “good employer” initiatives for staff and programmes for students. These encourage participation, eliminate barriers and risks of discrimination, and maximise the potential of groups that are under-represented or disadvantaged in their ability to attend the institution.

Representatives from Council, the Pro Vice-Chancellor (Māori), faculties, service divisions, the Students’ Association, Pacific Reference Group, the Equity Office and equity interest groups such as academic women, participate in the Equity Committee.

### Rūnanga

The Rūnanga is a sub-committee of Senate and Council, constituted as a Committee of Council and chaired by the Pro Vice-Chancellor (Māori).

The Rūnanga has five primary roles:

- To advise Council on the appropriateness of relevant sections of the Charter, Strategic Plan and Council policies in terms of the University’s aspirations to partner with Māori and support Māori development
- To advise Council on the progress and achievements of the University towards its strategic objectives for Māori
- To advise management on operational matters relevant to the delivery on strategic objectives for Māori
- To consider and advise appropriate Senate committees, and through them Council, on academic matters that have direct relevance to Māori curriculum content, delivery and research
- To provide to Council and senior management other advice as may be requested from time to time

The Rūnanga reports to Council through Senate.

### Ethical standards

The University of Auckland maintains high ethical standards for research and teaching involving animals and humans. The following three committees report directly to Council:

#### Animal Ethics Committee

The Animal Ethics Committee ensures that the protocols for use of animals in research and teaching are of the highest ethical standard in accordance with legislative requirements. The Committee reviews proposals and undertakes ongoing monitoring of the use of animals in accordance with the University’s Code of Ethical Conduct, approved by the Ministry of Agriculture and Fisheries under the Animal Welfare Act.

#### Biological Safety Committee

The Biological Safety Committee assesses applications for the use of genetically modified organisms in the University in accordance with the delegation by Environmental Risk Management Authority (ERMA) in order to identify all potential risks to people including researchers and the community, and the environment. Applications are determined in accordance with the Hazardous Substances and New Organisms (HSNO) Act and any relevant supporting protocols issued by ERMA. In addition, the Biological Safety Committee monitors ongoing work within the University and makes recommendations on containment issues as appropriate. The committee has instigated a system for consultation with Māori.

#### Human Participants Ethics Committee

The Human Participants Ethics Committee reviews proposed research and teaching projects that involve human subjects, other

than projects that require approval from a New Zealand Health and Disability Ethics Committee, to ensure compliance with the highest ethical standards. In addition, this committee provides advice and assistance to Council and the University community with respect to ethical standards and issues involving human subjects.

**Other committees reporting to Council:**

- Capital Expenditure
- Discipline
- Library Review Authority
- Student Appeals
- University Honours
- Vice-Chancellor’s Review

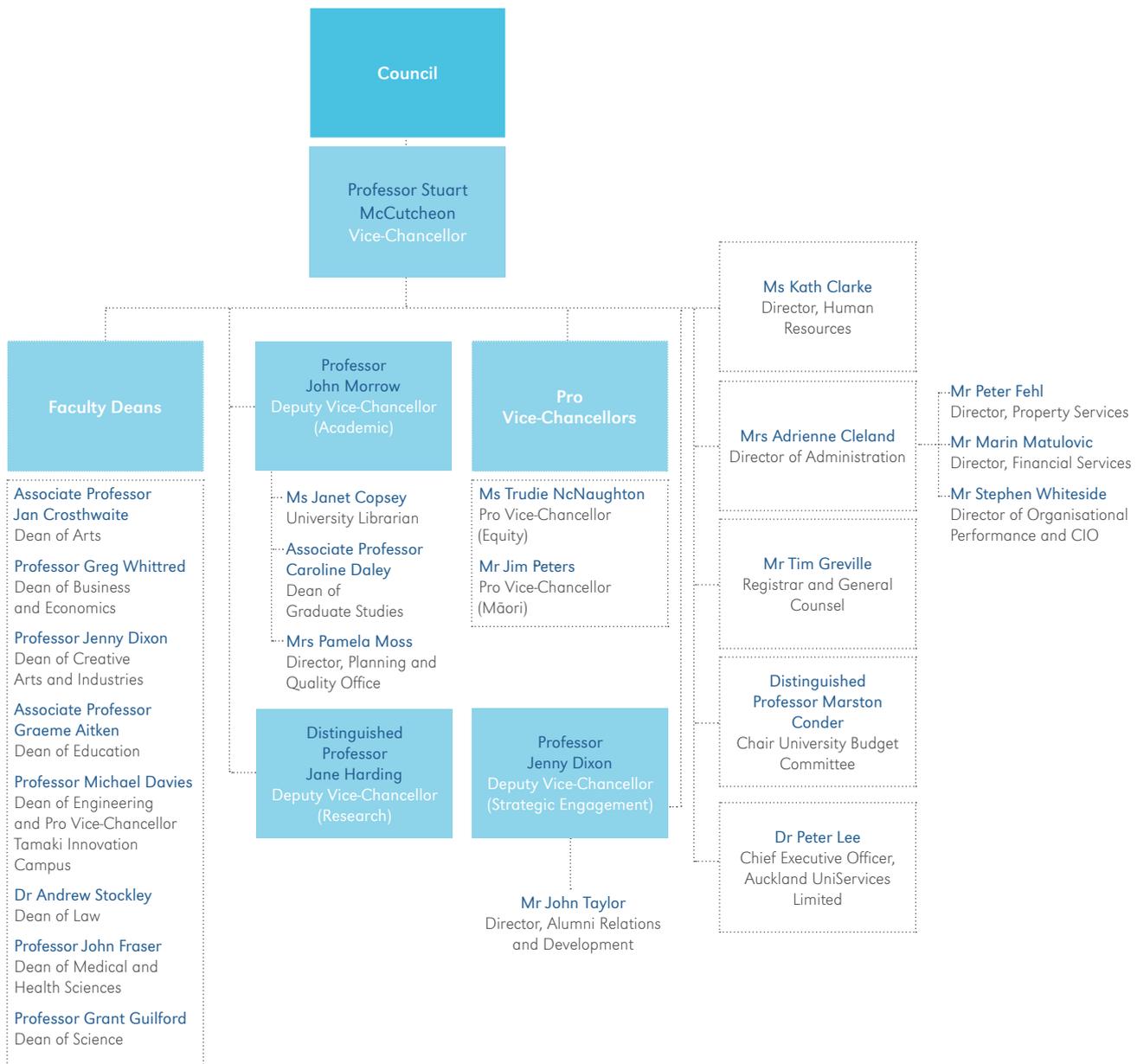
## Health and Safety

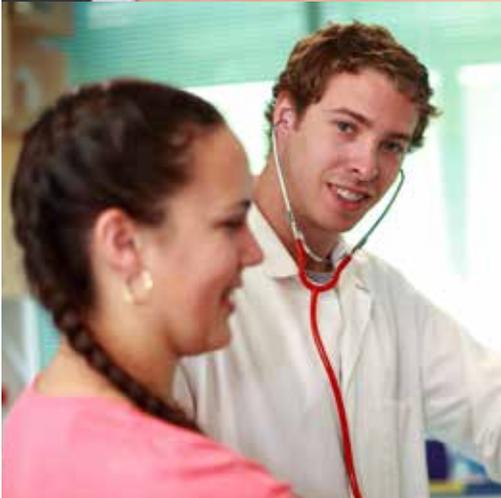
The Occupational Health and Safety Advisory Committee is a forum of nominated and elected management and staff representatives that enables staff and unions to communicate to management issues of interest and concern related to health and safety, and to encourage staff participation in the ongoing maintenance and improvement of a safe and healthy environment. The committee reports to the Staff Advisory Committee, an advisory committee to the Vice-Chancellor.

## Business details

- Bankers:** Bank of New Zealand, ANZ Bank, Commonwealth Bank of Australia
- Auditors:** Ernst & Young – on behalf of the Office of the Auditor-General
- Valuers:** Darroch Limited  
ART + OBJECT

## University management structure | as at 31 December 2012







## 2 Teaching and Research



# Quality over quantity

## The successes and achievements of the University's 2005-2012 Strategic Plan

Eight years ago, when the Strategic Plan 2005-2012 was launched, The University of Auckland was a very different institution. Already the largest teaching and research organisation in the country, it had undergone near-exponential growth in student numbers through most of its 120 year history. The new Strategic Plan could be summarised as “emphasising quality over quantity” with a focus on how a University of genuinely international quality could be of benefit to the people of Auckland, New Zealand and the world. The objectives articulated in the Plan were, at best, challenging and, in some minds, nigh on impossible. The achievement of substantial increases in research activity, the vision for the composition of the student body, and improvements to the teaching and learning environment would require significant changes in the University. We reflect here on some of the key objectives that were set in the Plan and our progress over the last eight years in achieving them.

“The ability to attract top-quality students is a key issue for the University of Auckland and in any trade-off between quality and numbers, quality must always be the winner” (Strategic Plan 2005-2012).

Human capital is our most important resource for growth in the economy and improving the world in which we live. The University makes a major contribution to this through producing more than a quarter of the graduates in the New Zealand university sector – and 37 percent of postgraduate completions. The Plan included challenging objectives for further enhancing the quality of

graduates through changes to the composition of the student body and a teaching and learning environment able to support advanced learning.

Ensuring that the University recruits students who have the potential to succeed in a world class university necessitated the bold step of being the first university in New Zealand to introduce limited entry to all undergraduate degrees. This move, though controversial when introduced in 2009, has been very successful: 45 percent of school leavers now admitted are among the country's best and brightest, up from 37 percent in 2004. This includes a much larger number of very able students from outside the Auckland region who now choose to study at our University. Pass rates have improved and a higher proportion of students either complete conjoint qualifications or progress to postgraduate study. Students now entering the workforce and taking active leadership roles in their communities are highly skilled, and have a diverse range of abilities and knowledge.

One of the major changes over the last eight years has been in the composition of the student body. The Plan's aim to have postgraduates comprising 22 percent of the student body (compared to 16 percent in 2004) has been realized, aided by significant increases in international postgraduate student numbers and by the government's policy that international PhD students pay domestic fees. Additional places have been made available in high-demand qualifications and this has seen a

<sup>1</sup>The Economic Value of University Investment', 2010, p.5. 'Social and economic indicators of education', Ministry of Education, 2010, p.2.s.

significant increase in enrolments in the faculties of Engineering and Medical and Health Sciences – both faculties now having approximately 40 percent more students than in 2004.

The targets for international student numbers have proved to be challenging. Several high profile failures in the private sector at the beginning of the last decade reduced the whole sector's ability to recruit international students. The University's international EFTS were insulated initially because of the length of its degrees, but by 2008 were at a low of c.3300 EFTS compared to 4603 EFTS just four years earlier. Considerable investment into international recruitment has seen the intake of new students increase. Total international EFTS have now recovered to 2004 levels and are expected to increase further. Real success in this area can be seen in international postgraduate student numbers, which have more than doubled since 2004.

*“The continuation of growth among Māori and Pacific populations will constitute a challenge for this University as it seeks to recruit students with the potential to succeed from populations not previously enrolled and graduated in large numbers in the University” (Strategic Plan 2005-2012).*

The University has invested heavily in programmes to support students from under-represented groups and is a world leader in its commitment to equity. The undergraduate targeted admission schemes that were introduced alongside limited entry have ensured that the number of Māori and Pacific students has increased (and been maintained as a proportion of the student body) despite the significant disparity in outcomes from the compulsory education sector. It is a tribute to the hard work of the students themselves, and the academic and professional staff members at the University who provide support and assistance to these students, that pass rates for Māori and Pacific students have increased. The pass rate for Māori students is now approaching the overall pass rate. There are challenges in further improving pass rates of Pacific students, but the University's efforts so far have shown considerable success with the highest pass rate for Pacific students in the university sector.

Strong partnerships with industry and community partners have informed programme development, ensuring that the suite of qualifications offered by the University fulfils both the immediate needs of employers and the aspirations of graduates who will likely experience several career changes during their lives. As a result of a Curriculum Commission in 2002, the University's qualifications underwent a significant restructure in 2006. The standard number of courses a year increased to eight and General Education was

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*“The pass rate for Māori students is now approaching the overall pass rate.”*

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introduced into all undergraduate degrees to help broaden the educational experience of our students. Changes are regularly made to professional degrees to meet industry requirements, such as the shift to postgraduate qualifications for Architecture (the Master of Architecture (Professional)) and Engineering (Bachelor of Engineering Honours).

In an increasingly online world, changes in digital teaching and learning resources extend far beyond an increase of more than 1000 computer workstations to the over 5000 now available. The

University of Auckland Library has made a considerable investment in online resources resulting in a tripling of its digital collections with c.710,000 electronic book and serial holdings now available, and increasing numbers of students accessing these resources. Technology to record lectures has been rolled out to lecture theatres, providing students with flexible options to review their learning. The University's iTunes U site, launched in 2011, is making much of this content available to wider national and international communities.

The broader student experience is important to students' successful transition to university study and achievement of the Graduate Profile. Campus Life, created in 2009, has a focus on services that strengthen student engagement and improve student wellbeing. Student accommodation, sporting and cultural activities, health and counselling services, leadership programmes, supporting student-initiated programmes such as clubs and societies, and organising activities that support student transition to the University are all areas in which considerable resources have been invested in recent years. As a result, we have seen impressive improvements in student teaching and learning survey results. For example, the proportion of first year students reporting that their overall transition to study has gone well increased from 59 percent in 2003 to 72 percent in 2012.

*“Substantially increase our performance in research and creative work demonstrating The University of Auckland's commitment to scholarship, innovation, discovery and wealth creation” (Strategic Plan 2005-2012).*

Research and creative work are vitally important to the continued economic, social, cultural and environmental wellbeing and development of Auckland, New Zealand and the world. As the largest research organisation in the country, the University plays a vital role in these outcomes and in keeping New Zealand on the map in the competitive international research arena. The Plan's objectives to essentially double the University's research output and research funding, a measure of engagement with research users, would therefore provide significant benefits to the nation.

Supporting and developing academic staff members to improve their research contribution – through research outputs, research supervision, and application and implementation of research beyond the University's doors – underpinned our goals in this area. Academic staff have met, if not exceeded, goals for growth in the number and quality of research outputs and research students, and increased benefits for business and communities. The number of cited research publications for 2012 is c.1000 more than the approximately 1400 in 2004 – and the number of citations per academic staff member has nearly doubled. Similarly impressive gains can be seen in research income, which has grown by \$100 million to \$232 million in 2012, and research student numbers that at c.1200 in 2012 are well up on the 739 in 2004.

The substantial increase in annual research income has served to diversify the University's revenue base, but the most significant gains have come from the application of research to commercial and public good outcomes, the generation of funding to support research students, and to secure recognition as a peer of other research-intensive international universities. UniServices, the University's commercial arm, has been instrumental in improving access to University staff and research for external organisations. Revenue for UniServices is more than twice that in 2004 at \$137 million in 2012. This growth has occurred through undertaking

research and development for business, industry, government and non-government organisations, supporting spin-out companies such as the highly successful HalolPT, and delivering education to meet targeted needs. While there has been a greater focus on near-market research over the life of the Plan, we have retained our commitment to the benefits of a comprehensive university, of fundamental research, and of research across a wide range of disciplines.

The outcomes of research in the disciplines such as sciences, engineering, business and medicine are readily valued in terms of their contribution to improving our health, our wealth and our standard of living. Disciplines such as arts, humanities, education, law and creative arts contribute to these outcomes, but they are also to be valued for other reasons. One cannot put a monetary value on these outcomes, but they are nevertheless essential to the development of our society and the quality of life of its members.

Extending the University's international profile and networks has been essential to the achievement of its research objectives. The establishment of the two Large-Scale Research Institutes during the Plan period and, in 2010, being the only New Zealand institution invited to join the research-focused Worldwide Universities Network, were two significant steps towards enhancing international research collaborations. These networks have been instrumental in establishing research partnerships with some of the best international universities, securing funding from international research grants, and attracting high quality domestic and international students.

Masters and doctoral students are a vital part of a vibrant research community and increasing the number of such students at the University was a key aim in the Plan. Even though the number of doctoral completions has nearly doubled, the total of 500 a year targeted in the Plan has not yet been achieved. However, this year saw the achievement of a significant milestone

with more than 500 new doctoral students enrolled. The total number of research degree completions is now almost 1200. These are more than just numbers; they are highly skilled graduates who will enter New Zealand's research workforce and make significant contributions in their disciplines and their wider communities.

*“Remain focused on resourcing and organising for quality, protecting the University's long-term viability and autonomy, and ensuring financial and management practices that support the University's mission and values” (Strategic Plan 2005-2012).*

The increased research activity and changes in the nature and size of the student body have taxed an underdeveloped infrastructure, necessitating a significant campus development programme. Developments include the Owen G Glenn building, the Engineering sector, new laboratories and teaching spaces at Grafton to accommodate increased intakes of medical students, improvements to buildings in the Arts and Science sectors, new student accommodation, the construction of the very well patronised discovery centre at Leigh Marine, and the acquisition, largely through a gift, of the Goldie winery on Waiheke Island.

These building projects have provided better research facilities, enhanced the number and quality of formal learning spaces, and ensured that teaching, learning and living spaces meet the needs of a changing student body, particularly the increased numbers of postgraduate, international and out-of-Auckland students. Different types of research and teaching and learning are now better supported through specialised facilities like the working vineyard on Waiheke and the interactive teaching spaces in the Owen G Glenn Building. Accommodating informal and self-directed learning has been a key aspect of these improvements with more computer laboratories, areas for individual and group learning, improved pastoral care facilities and dedicated spaces for Tuākana support of Māori and Pacific students.






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“Our ongoing challenge is, therefore, to ensure that New Zealand has a major international university that provides a learning environment of the highest quality, leading the advancement of knowledge creation and dissemination, intellectual discovery and innovation, and taking our place on the global stage as a valued peer of the best public civic universities.”  
(Strategic Plan 2013-2020).

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Resourcing these huge changes in the University’s research and teaching and learning activities was a major challenge in the achievement of the Plan. Although government funding has increased with the increase in EFTS and change in the mix of provision, it has not kept pace with the increased costs of the University. When combined with constraints on raising domestic tuition fees, this has meant that the University has had to seek additional revenue from other sources simply to maintain its activities.

There have been marked successes in philanthropy and external research income. The ‘Leading the Way’ philanthropic fundraising campaign was launched in 2006 with the aim of raising \$100 million. By 2012, more than double this amount had been given to support outstanding research and teaching at the University. While the doubling of external research income desired in the Plan has not quite been achieved, the growth is impressive given the

economic downturn in recent years and the significant decrease in contestable funds due to government allocations of previously contestable funds to core funding of Crown Research Institutes.

This growth in revenue is critical to the University’s continued success as it embarks on a new Strategic Plan 2013-2020. We simply cannot continue to create world class universities in New Zealand with the lowest revenues per student in the western world.

The new Strategic Plan 2013-2020 continues to chart the University’s direction as a peer of the best international civic universities. It also continues to set out ambitious and challenging targets. As illustrated in this essay, the people that are part of and support the University are more than ready to face the challenge of ensuring that our staff, students and alumni continue to focus their energies, skills and capabilities on the future wellbeing and development of our local, national and international communities.



# Faculties, Institutes, Uniservices

## Arts

The Faculty of Arts had a busy year designing a new re-organisational structure and capturing goals for the BA in a “Graduate Profile”.

The faculty continued to enjoy a high international standing, maintaining its rankings alongside the Australian G8 in most subject areas. Agreements for research and academic exchange were made with three new strategic international partners. More than 1000 overseas students enrolled in Arts courses for Study Abroad or exchange visits, 120 Arts students went on overseas exchange programmes and 110 students enrolled for Auckland Language Study Abroad courses.

The faculty enrolled 55 new doctoral students in 2012 while 55 doctoral students completed their study and 145 students completed masters theses. Numbers of postgraduate students have been increasing since 2005. International postgraduate numbers have grown and were 20 percent of postgraduate totals in 2012. Overall EFTS are close to target, slightly over at undergraduate level, and under in postgraduate research (though not at masters level). EFTS growth is one percent in 2012 and has varied considerably since 2005, with limited entry to undergraduate programmes from 2009 providing more stability.

Teaching and learning initiatives in 2012 included the preparation of a “Graduate Profile” for the BA describing the knowledge and skills we expect BA students to graduate with, and implementing other recommendations from the 2011 BA Review. Departments have undertaken curriculum reviews with new courses introduced in many subjects and new postgraduate programmes in European Studies.

Staff and departments have introduced innovations in teaching and assessment and are using new technologies and social media to increase student engagement and effective learning.

A Teaching and Learning website has been established on the faculty intranet.

The faculty’s Tuākana leadership programmes, particularly Stage 2 and 3 Tuākana academic support, are improving academic success for Māori and Pacific students, with numbers receiving Summer Scholarships increasing from 6 percent to 20 percent in 2012.

Nineteen new academic staff took up permanent positions in 2012, including four new professors. James Bade was promoted to professor and Stephen Davies and Rod Ellis to distinguished professors. Dr Vanessa Enriquez-Raido received a University Teaching Excellence Award, and Dr Stephen Turner, Dr Greg Minissale, and Dr Eduardo Pineros received Faculty Teaching Excellence Awards.

Five academic staff were successful in the 2012 Marsden funding round, and staff published more than 30 books, 140 book chapters and 200 articles in refereed journals.

The Vice-Chancellor approved reorganisation of the faculty for 2014 from 16 academic departments, schools and centres of variable size into three large schools (incorporating respectively, Social Science disciplines, Humanities disciplines, and areas of international languages, cultures and language teaching), and one smaller (combining Māori Studies and Pacific Studies).

As a result of a restrained use of resources the faculty finished the year with a small budget surplus. However, there are concerns for the future with respect to funding, particularly given a public climate in which humanities and social sciences are not well understood or valued.

## Business and Economics

Last year saw substantial achievements for the Business School. There was an improvement in the overall quality and mix of undergraduate enrolments; the development and approval of a business case for a major new taught masters initiative; repositioning and rebranding of the Graduate School of Enterprise as a Graduate School of Management; and

## Education

Eduniversal's business school rankings released in the last quarter of 2012, which saw the School placed number 43 of the 1,000 schools ranked world-wide – one of just seven Asian schools in the top 50.

The School's Strategic Research Themes – Innovation and Value Creation, Succeeding in International Markets, Productivity and Sustainability, and Leadership and Governance – continued to guide discretionary research spending, strengthening the relevance and impact of research, while our engagement with the University's Thematic Research Initiatives continued to grow materially.

Undergraduate domestic enrolments declined 2 percent while international enrolments increased 7 percent, continuing recent trends. Postgraduate research enrolments showed a modest 3 percent growth while taught postgraduate declined 16 percent.

More than 3,000 students engaged in activities designed to help them become "recruitment ready", to engage with the New Zealand business community, or to develop personal and professional networks. The School's Case Competition programme increased significantly, with fourteen teams selected for national and international competitions. These teams were finalists on seven occasions, cementing the School's strong reputation among international universities.

The School is seen as an essential source of talent for graduate recruiters in New Zealand, and Australian investment banks and large consultancy firms now group Auckland with the small number of Australian universities from which they recruit. Domestically students secure more than 50 percent of the opportunities available with the large and mid-tier accounting firms and 100 percent of internships for IS places at large corporates such as Fonterra and Microsoft.

Through the entrepreneurial ecosystem and new programmes in commercialisation and entrepreneurship, the School continues to engage with the economic challenges of innovation and value creation. The Entrepreneurs' Challenge entered its fourth year. Four companies received funding, bringing to thirteen the number supported – totalling \$4 million – since inception.

Reaching another 50,000 executives in the next decade was the impetus behind the School bringing all of its executive and coursework-based postgraduate programmes under one umbrella in the newly-named Graduate School of Management ("GSM"). This initiative is part of the School's commitment to being a catalyst for a thriving New Zealand economy, and will ensure the path to building management capability is easier for businesses.

The School continues to reach out to alumni: more than 2,500 attended one of 13 interest-specific events and active cultivation of social media channels has connected with more than 8,500 alumni online.

Communications across all print and television media has been highly effective, with School academics quoted in more than 60 major national and international stories and in over 212 further publications.

In the 2012 QS subject rankings the Faculty of Education is 37th in the world and the leading Education faculty in New Zealand.

This success reflects initiatives such as increasing the capacity to support postgraduate teaching and research through new senior appointments, and through the promotion of team-based supervision. Grant writing has also been given much greater prominence through the leadership of a newly appointed Research Opportunities Manager. At the same time practice-oriented work with teaching and social work communities is being strengthened through the appointment of professional teaching fellows, innovative partnership arrangements and collaborative research work.

In 2012 the faculty played a prominent role in informing educational change and debate in New Zealand through public meetings and media comment on such issues as school-based initial teacher education, charter schools, school deciles and sexuality education. The Starpath project to enable more Māori and Pacific students to enter tertiary education has extended its reach to 39 secondary schools in Auckland and Northland. In an increasingly contestable professional learning environment, the faculty makes a major contribution through the delivery of contracts in Māori-medium education, literacy, leadership and assessment, and secondary student achievement. The faculty has also secured work in Australia and New Zealand through cross-faculty/sector partnerships with the success of this new business approach being reflected in securing a recent \$4.2 million Ministry of Education contract to implement the Learning and Change Networks model of teacher professional learning.

The major challenge facing the faculty in 2012 was the shortfall in EFTS at undergraduate level. The demand for places in social work programmes continues to be strong but a combination of fewer jobs in the sector and a generally negative portrayal of teaching in the media means that demand for places in initial teacher education programmes has softened. As part of its commitment to making teaching a top graduate choice the faculty successfully launched New Zealand's first postgraduate programme in secondary teacher education – a field-based programme offered in partnership with Teach First NZ.

Interactive large class teaching (ILCT) has been a major focus of teaching and learning development this year. Drawing on the experience of other university faculties, the aim is to create a more efficient teaching model in a way that retains and strengthens active learning. A Pedagogical Action Group in Education (PAGE) has been established to lead staff professional development in the use of ILCT spaces.

An important change in 2012 has been the establishment of two new Schools (Learning, Development and Professional Practice and Curriculum Pedagogy). A review of professional staffing has also been completed. This will establish a new team-based structure led by senior professional staff with the aim not only of delivering a high quality, cost-effective service but also creating a more satisfying working environment for professional staff including a much stronger sense of career progression.

## Engineering

The number of new entrants into the BE(Hons) degree programme rose considerably in 2012 from 628 to 745, resulting in increased unfunded EFTS into the faculty. The Government's budget announcement during the year that from 2013 investment by the TEC in science and engineering would increase is therefore welcome. It will permit the faculty to maintain future entry levels at about the same level as in 2012.

There was also growth in other areas in 2012 with postgraduate research EFTS reaching 403. This continued a trend that has seen a growth of 83 percent in PhD EFTS over the last five years. There was also a 30 percent increase in full fee paying international students entering the faculty, mainly into taught postgraduate programmes. The increased numbers reflect the success of the faculty's policy to increase both postgraduate numbers and its international students.

At undergraduate level there was a 25 percent increase in the number of Māori students admitted to the faculty. Although Māori students continue to be under represented in terms of the proportion of Māori in the population, the increase reflects the success of a new approach to attracting Māori to the engineering undergraduate programme.

Preparations for the PBRF 2012 Quality Evaluation dominated the first half of the year as did the preparation of the Business Plan for the Faculty Redevelopment Programme. The \$216 million project was approved in April and will commence in mid-2013.

During 2012 academic staff from the faculty achieved many successes both nationally and internationally. Two of the faculty's most senior academics were recognised by the Institution of Professional Engineers New Zealand (IPENZ) with Supreme Technical Awards given to Professor Bruce Melville and Distinguished Professor Debes Bhattacharyya. They were awarded the Dobson Award for Transportation Infrastructure Engineering and the John Cranko award for Mechanical and Manufacturing Engineering, respectively. Distinguished Professor Bhattacharyya was also the recipient of the Glory of India award. Other international awards were made to Professor Mark Taylor, who received both the "Applications to Practice" and the "Light Metals Division Technology" awards of the Minerals, Metal and Materials Society of the USA, and Professor Michael Pender, who was appointed an International Honorary Member of the Japanese Geotechnical Society (an award made only to a small number of leading international Geotechnical Engineers).

## Law

The Faculty of Law established an Innovation and Development Fund in 2012 to help it remain one of the top-ranked Law schools in the world. Some 500 alumni and friends including the Chief Justice, Dame Sian Elias and Justices Blanchard and Chambers from the Supreme Court attended the public launch in May.

Law alumni were also important in helping the faculty establish the New Zealand Centre for Human Rights Law, Policy and Practice in 2012. The Centre has had a very busy first few months, hosting a series of public lectures and establishing a Human Rights Working Paper Series, the New Zealand Human Rights Blog, and a quarterly bulletin for the legal profession and other interested parties, with case summaries of leading human rights and Bill of Rights Act decisions. Rosslyn Noonan, the former Chief Human Rights

Commissioner has become a research fellow at the centre. Professor Michael O'Flaherty, the Vice-Chair of the Human Rights Committee of the United Nations and the Chief Human Rights Commissioner for Northern Ireland, will visit next year.

The faculty increased its strength in corporate and commercial law in 2012 with the appointment of Professors Francis Dawson and Susan Watson. Professor Dawson, the co-author of Dawson and McLauchlan's Contractual Remedies Act, joined the University after many years in company and corporate law practice. Professor Watson, who is already a professor in the Business School, is now Director of the Research Centre for Business Law.

In 2012 the faculty won three of the four Legal Research Foundation Awards for the best legal writing in New Zealand. Senior Lecturer Amokura Kawharu and Honorary Professor David AR Williams QC won the JR Northey Award for the best book for their treatise *Williams and Kawharu on Arbitration*. Professor David Williams was the runner-up for his book, *A Simple Nullity? The Wi Parata Case in New Zealand Law and History*. Senior Lecturer Hanna Wilberg won the Sir Ian Barker Award for the best published article with Professor Bruce Harris runner-up.

Other staff achievements included Associate Professor Ken Palmer's being awarded the New Zealand Resource Management Law Association's 2012 Outstanding Person Award and Professor Bruce Harris's degree of Doctor of Laws awarded by the University of Otago.

Student success in 2012 included an Auckland Law School team reaching the semi-finals of the Jessup Moot Competition, the world's largest and most prestigious moot court contest. Competing against 115 teams drawn from 600 teams worldwide, the team ended up in the top four, narrowly losing its semi-final in a 5-4 decision of the judges.

## Medical and Health Sciences

The Faculty of Medical and Health Sciences welcomed its seventh Dean (Professor John Fraser) as well as several new heads of school and department in 2012. It also incorporated a new department, Optometry and Vision Science, into the faculty's structure and all but completed the outstanding Grafton Redevelopment Programme.

The faculty's research portfolio was particularly busy with the PBRF exercise in the first half of the year. It achieved success in the 2011/2012 Health Research Council and 2012 Marsden rounds.

The potential envisioned with the Grafton Redevelopment became a reality in 2012, with almost all groups settled into their redeveloped locations. Opportunities for increased collaboration have become apparent, and research student numbers have increased.

Continuing positive growth in postgraduate research has been a priority in 2012, and particular successes include continued growth in enrolments and increasing supervision capacity.

The University retained its high ranking (50th globally) in the area of Life Sciences and Medicine in the 2012 QS rankings. This helps with the recruitment of international students, including doctoral students, and the steady growth achieved in international doctoral EFTS over the past five years is expected to continue. Increases in international students in the major postgraduate programmes and



a diversification of the cohort of international students into the flagship MBChB have also continued through 2012. An induction programme for new international postgraduate students was successfully piloted at the Tāmaki Campus, and the refurbishment of Grafton with its consolidation of students back on site has provided the impetus to develop a similar programme there in 2013.

The faculty hosted the 2012 Universitas 21 Health Sciences Group Meeting for the first time last year, providing a valuable opportunity for faculty staff to engage with peers at network institutions over a series of meetings, panel discussions and small discipline-specific workshops.

Last year saw work completed on a number of new and redeveloped programmes including preparation for the new Maser of Health Sciences (MHSc) in Nutrition and Dietetics; approval gained for new programmes in medical imaging, including specialisations in MRI, Ultrasound and Mammography; development of a new Master of Health Psychology, replacing the existing MSc in Health Psychology; approval of a new MHSc in Addiction and Mental Health; and continued work on the reinvigoration of the medical programme.

The faculty is actively engaged with five major teaching hospitals through regular joint meetings. It is currently working with major partner hospital ADHB to develop the Auckland Academic Health Alliance so as to foster more productive translational research collaborations between the basic research of the University and the clinical research capabilities of the hospital. The first major activity in this alliance is an Integrated Cancer Centre that will offer more opportunities to test new anti-cancer drugs in the clinic.

### The National Institute for Creative Arts and Industries

NICAI staff and students' academic activities and engagement with communities was strong in 2012.

Highlights included the very successful world premiere of LEN LYE the opera; LUXCITY, an architectural event in Christchurch's red zone with participation from all New Zealand's architectural programmes; and Fireworks, where Dance Studies students performed on stage with the Auckland Philharmonia Orchestra as part of the Southside Art Festival.

Staff achieved success with installations at international venues such as the Frankfurter Kunstverein, in association with the Frankfurt Book Fair, and Sydney Biennale.

The faculty was successful in securing a Marsden grant for a three-year research project Toi Te Mana: A history of indigenous art. Professor Jonathan Mane-Wheoki was awarded the New Zealand Research Honour Pou Aronui Award for sustained contribution to the humanities.

A priority for the faculty in the first semester was completion of PBRF portfolios for the 2012 round with the assistance of faculty mentors and University support teams. Work continued on international recruitment and developing new strategies for attracting enrolments, including the auditioning of Music performance students in Shanghai. It is pleasing to note that international applications for 2013 have increased. The NICAI buddy programme continues to receive positive feedback from the students involved. This year more than 30 NICAI students took part and helped to support new international students starting undergraduate, postgraduate and doctoral study.

NICAI continued to enhance its academic programmes in 2012. A faculty Teaching and Learning Quality committee was established. The new BMus degree was implemented and a new BPlan(Hons) degree was prepared and submitted for internal approval early

this year. Measures have also been put in place across the faculty to assist academically at risk students.

While particular efforts have been undertaken in 2012 to increase postgraduate numbers, it remains a major challenge for the faculty to meet its enrolment targets. Numbers of students applying to enrol in the postgraduate professional programmes improved on last year however, the cut in funding of postgraduate study allowances is likely to have had an impact on postgraduate enrolments in the creative and performing disciplines. Support continued for postgraduate students through the DARS Programme (Doctoral and Research Strategies Programme with a series of workshop sessions on key aspects of undertaking doctoral research as well as debates and writing retreats.)

Risks to key NICAI objectives relating to enrolment targets for domestic and international students, equity goals and internal organisational structures were managed through a series of actions and initiatives that will continue into 2013. Key among these were: The annual Admissions Project, the Tuākana programme and a Technical Resource Alignment Initiative.

## Science

In 2012 the Faculty of Science educated 7,300 equivalent full-time students (EFTS), and its international standing remained strong with all disciplines consistently ranking in the 25-100 range of the QS World University Rankings. The many notable individual successes during 2012 were capped by the award of the Prime Minister's Emerging Scientist Prize to Dr James Russell and the Rutherford Medal, the highest honour of the Royal Society of New Zealand, to Distinguished Professor Margaret Brimble.

Key achievements in the undergraduate programmes during the period of the University's 2005-2012 Strategic Plan include the adoption of faculty-wide learning outcomes, with a strong emphasis on skills desired by employers; implementation of a specialist teaching role entitled the "Professional Teaching Fellow"; and a range of new initiatives from the newly established Faculty Teaching and Learning Innovation Group. The enhanced attractiveness of the teaching programmes to international students is of note, with 850 international EFTS now studying in the faculty.

The faculty had 1,389 postgraduate EFTS in 2012. Masters and doctoral theses completions also increased, reaching 260 and 105 respectively. Some of the actions taken to increase postgraduate enrolments have included: the establishment of joint graduate schools with Plant & Food Research, Landcare, NIWA, DairyNZ, LIC and AgResearch; on-going efforts to raise more postgraduate scholarship funding; and the approval of a range of new collaborative taught-masters programmes in economically important areas such as energy, food safety and data science.

The faculty's research has strengthened, with outputs now exceeding 1,300 publications per annum. Externally-funded research income reached \$49 million in 2012.

Staff have been very active in the promotion of science in the community including the on-going enhancement of the Tuākana and Pukenga Putaiao programmes to improve recruitment and retention of Māori and Pacific students. In addition, the faculty has established an Interpretive Centre at Leigh to enthuse visitors with the wonders of science in the marine environment and organised

the highly successful "Virtual Incredible Science", "Girls into Science Day", and "Talking Science" programmes.

The \$43 million refurbishment of the Physics, Mathematics and Statistics building is drawing to a close as is the \$20 million redevelopment of the undergraduate chemistry laboratories. The planning for the \$200 million redevelopment of the 11 storey Science Centre (Building 301) that will house the Schools of Chemical Sciences, Environment, and Psychology is well advanced.

Funding constraints compounded by rising costs have compromised the faculty's ability to contribute optimally to the economic growth and societal well-being of New Zealand. Nevertheless, the faculty is forecast to earn \$179 million in 2012. This has been achieved by a mix of revenue growth along with careful cost control and will allow for significant re-investment in our research and postgraduate programmes.

## Liggins Institute

In 2012 the Liggins Institute relocated to the redeveloped Medical and Health Sciences campus bringing opportunities for enriched collaborations with campus colleagues along with purpose-designed facilities for experimental and clinical research, administration and community engagement.

The new Paykel Clinical Research Unit now operates seven days a week to support increasing collaborations with clinicians and industry. The re-sited Logan Campbell Classroom doubles facilities for the diverse interactive learning experiences the institute's LENSscience programmes offers to schools.

The appointment of four additional senior academics has increased the institute's capacity to deliver high quality research outputs. Professors Philip Baker and Caroline Crowther are leaders in experimental and clinical research in maternal and perinatal health. Their appointments extend the institute's capacity to translate research for improving clinical care and health during pregnancy and early infancy. New senior research fellows Drs Justin O'Sullivan and Allan Sheppard bring expertise in molecular and epigenetic techniques, which position the institute at the leading edge of international efforts to understand the mechanisms that determine health throughout the life-course.

Importantly, each appointment strengthens and expands our network of strategic collaborations to include groups at the universities of Adelaide, Alberta, Manchester, Keele, Michigan, Edinburgh, Oslo and Debrecen (Hungary), and research centres in the US, Europe and Western China.

Professor Baker, who holds a prestigious Fellowship of the Academy of Medical Sciences, also assumed directorship of the institute's National Research Centre for Growth and Development, leading its re-launch as Gravida: National Centre for Growth and Development in preparation to re-bid for Government funding in 2015.

Last year the University's first grant from the US-based Bill & Melinda Gates Foundation was awarded to Distinguished Professor Sir Peter Gluckman for an international collaboration which aims to identify biological mechanisms that cause stunting in developing world populations. The LENSscience team received funding from New Zealand Ministry of Foreign Affairs and Trade to explore the feasibility of adapting its "Healthy Start to Life" programmes for Tongan and Cook Islands schools.

Leadership in international health and research is exemplified by Professors Paul Hofman and Frank Bloomfield as Presidents Elect of the Asia Pacific Paediatric Endocrine Society and the Perinatal Society of Australia and New Zealand, respectively, while Distinguished Professor Jane Harding chairs the Steering Group for the World Universities Network “Global Challenge in Public Health and Non-Communicable Diseases”.

## Auckland Bioengineering Institute (ABI)

The high research standing of the ABI was rewarded in 2012 with numerous grants, most significantly three full Marsden grants for fundamental research and knowledge discovery to Dr Thor Besier, Professors Martyn Nash (with Engineering Science) and Peter Hunter.

Drs Peng Du (also a Marsden Fast Start recipient) and Kim Mellor, who have recently completed PhDs, were also awarded prestigious Rutherford Foundation Fellowships. Dr Alys Clark received an Emerging Researcher Health Research Council grant for research on identification of abnormalities in chest x-rays to improve early detection of respiratory diseases such as bronchiectasis.

ABI researchers are generally establishing greater engagement with industry and during 2012 spin-out company Telemetry Research Ltd merged with the US medical devices company Millar Instruments Inc. adding a valuable link to the international medical devices industry.

In 2012 ABI Research Fellow Dr Daniel McCormick was awarded funding for two years by MBIE (Ministry of Business, Innovation and Employment) to enable him, and other researchers from the University’s Implantable Devices Group, to develop smart miniature implantable devices to monitor chronic disease.

The ABI has been involved in a diverse range of projects throughout 2012 that have wide potential applications. One example is a novel high-pressure needle-less injection device developed by Dr Andrew Taberner in collaboration with former colleagues at MIT (Boston). This device can deliver accurate doses of medication in different quantities to various depths by injecting medication without needles through the skin nearly as quickly as the speed of sound.

Double Academy Award winner Dr Mark Sagar joined the ABI as director of the new Laboratory for Animate Technologies in 2012. Dr Sagar, renowned for his special effects work in the film industry, is creating “living technology” that takes computer animation to a new level with interactive simulations driven by neurobehavioural models. He is also collaborating with the Centre for Brain Research on modelling the neural systems involved in neurodegenerative diseases such as Huntington’s Disease.

ABI Director Professor Peter Hunter received a lifetime achievement award from the IEEE Engineering in Medicine and Biology Society (EMBS) at its annual conference in San Diego in August. This award is given annually to an individual for their outstanding contribution and achievement in the field of biomedical engineering, and recognises Peter’s pioneering contributions to multi-scale physical modelling of biological systems, in particular his work on the Physiome Project, a major international project that aims to build sophisticated computer models of all the human body’s organs.

## UniServices

When compared with the 220 leading research organisations in North America, The University of Auckland consistently rates in the top ten percent for performance in commercialising research. This is largely due to the effort of UniServices, the University’s contract and technology development company.

During 2012, UniServices, the largest organisation of its kind in Australasia, earned \$132 million in research revenue for the University.

Key initiatives underlying the performance in 2012 include:

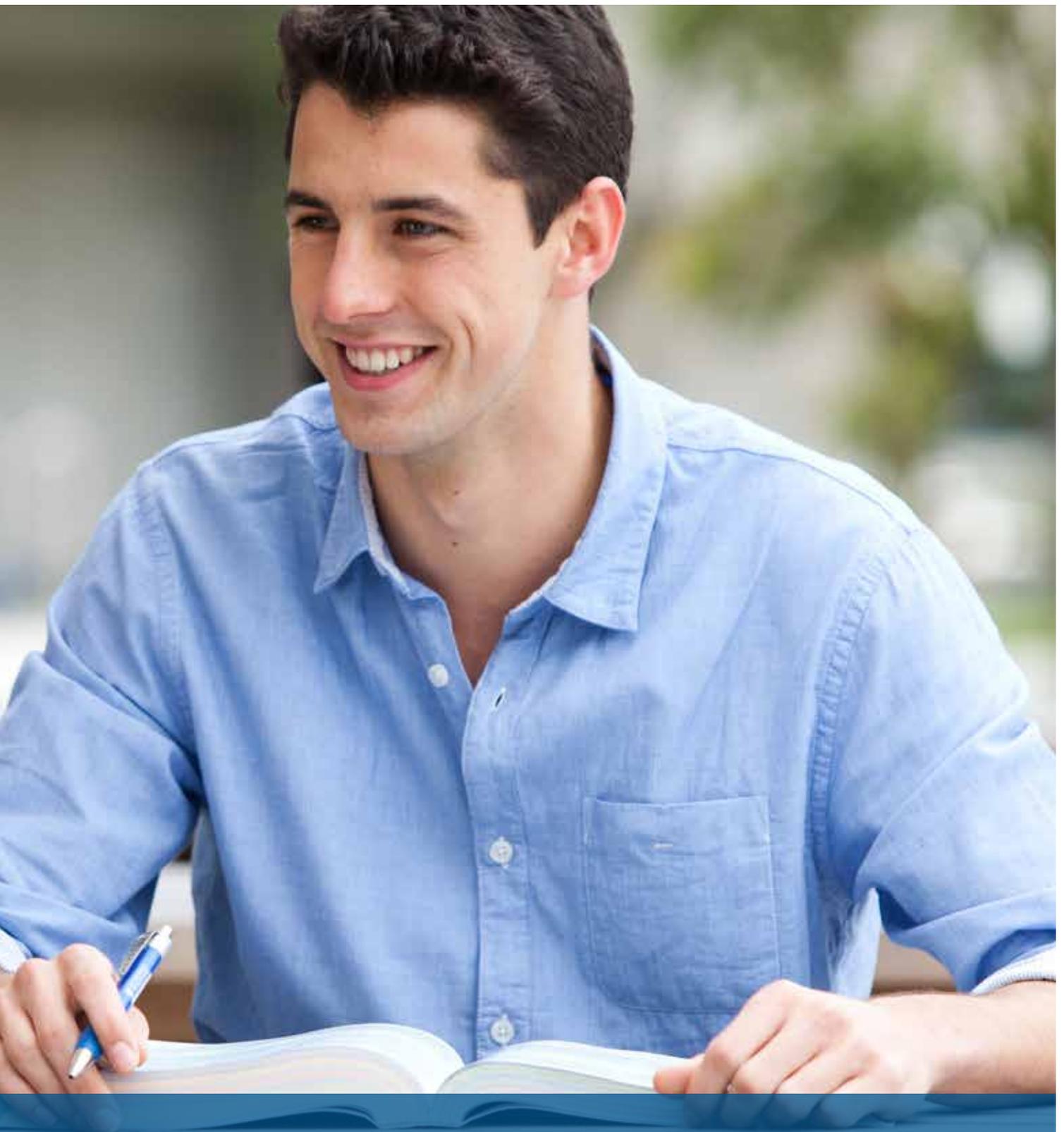
- International growth, which has occurred because of a careful alignment of Auckland’s research capabilities with regions where there is a strong match to local needs, for example, contract education in the Middle East, geothermal energy in the Pacific Rim and metal production in China. UniServices now has business in 45 different countries.
- The development of University inventions benefited from the expansion of investment management committees and the issue of a record number of licenses and resulting new companies.
- The technical mix of contract work has adapted to changing domestic and international demands. In some cases, overheads have been reduced in order to provide the resources needed to grow in areas of increasing demand and preserve funds for investment in technology development.

UniServices has invested in contracts based upon long-term strategic partnerships with large multinational companies, foreign government departments and reputable institutions. Open innovation, where opportunities for technology development are co-created between researchers and business, has proved to be an important aspect of partnership.

Investors have become increasingly reserved in making early stage investments in inventions by University staff, and only the most compelling combinations of inventiveness and business models are currently attracting their attention. UniServices has adapted to this by:

- Continuing to provide adequate pre-seed funding to bridge the gap between the high potential inventions of University staff and investible opportunities.
- Increasing expert advice available to inventors by increasing to three investment management committees of external experts. These have proved to be an effective forum for bringing together researchers with bright ideas, businesses and investors with interests in commercialisation.
- Working with the Business School in 2012 to build on successful programmes that integrate practical knowledge with academic programmes related to new business development and entrepreneurship.





# 3 Statement of Service Performance

# Statement of service performance

## International relations

International universities of standing contribute to the development of an international body of knowledge – and to the development of their region and country – through the provision of quality education and training, the creation and dissemination of excellent and relevant research, and through the connection of students, staff and ideas with the wider world. Engagement with, and benchmarking against, the world’s leading universities helps ensure that The University of Auckland is a university of internationally recognised standard. Increased global engagement and collaboration creates significant opportunities for New Zealand’s international business development and diplomacy. As well as contributing directly to GDP through the enrolment of international students, the distinctive educational experience offered by a university of high international standing enables domestic students to develop greater awareness of the wider world, helps international students to understand New Zealand, and creates enduring international relationships to the benefit of New Zealand.

### Objective 1

Establish The University of Auckland, New Zealand’s premier research university, as a peer of the world’s leading autonomous universities through association and collaboration, and by an active presence in the international academic community.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
1.1 International ranking – QS World University Ranking	68	82	Top 50	83
1.2 International ranking – Shanghai Jiao-Tong	201-300	201-300	151-202	151-200

- The University of Auckland retained its position as the top New Zealand University in the three main world university ranking systems.** It was the only New Zealand University among the top 100 universities in the QS World University Rankings, attaining a ranking of 83. In two subject areas the University was placed in the top 50: Social Sciences (44) and Life Sciences (50). In the QS individual subject rankings, the University was in the top 50 for 6 subjects.
- In 2012, the University moved into the top 200 universities in the Shanghai Jiao-Tong World Ranking of Universities for the first time.** We also placed in the top 200 in the subject areas of Mathematics and Economics/ Business.
- In the Times Higher Education World University Rankings, The University of Auckland ranked 161 in the world and seven in Oceania.**
- The University’s international relationships provide access to international forums and networks that provide staff with opportunities for development and collaboration.** The University is an active participant in the World Universities Network (WUN), Universitas 21 (U21), the Association of Pacific Rim Universities (ARPU), and also in the Australian Group of Eight working groups and committees. A range of academic and professional staff enjoyed the benefits of the University’s membership of the groups through research collaborations and grants.
- Over 30 major university-level visits were hosted during the year. Visiting foreign dignitaries included:** Madame Liu Yandong, Chinese State Councillor; China’s Minister of Education, Yuan Guiren, Vice-Minister of Foreign Affairs, Song Tao, and two Vice-Ministers of Science and Technology, Madame Chen Xiaoya and Wang Zhigang; Mrs Máire Geoghegan-Quinn, European Union Commissioner for Research, Innovation & Science. Visits from international universities included Peking University, Tsinghua University, Fudan University, Shanghai Jiao Tong University, the University of Delhi, and the University of Mumbai. Other visitors included Professor John Hearn, CEO of the Worldwide Universities Network. The University participated in Auckland Council’s Trade Mission to China; and sent its own delegation to China.
- The University’s New Zealand Asia Institute, the Waseda Institute for New Zealand Studies and the Japan Society for New Zealand Studies hosted the conference “Resilience: Japan and New Zealand moving forward”** in December to mark the sixtieth anniversary of New Zealand-Japan diplomatic and economic relations.
- Professor Iain Martin, Associate Professor Caroline Daley and David Baker, attended the International Exhibition and Conference on Higher Education in Riyadh, as guests of the Saudi Minister of Higher Education in April.**
- The University has renewed its Three Brothers trilateral agreement with Tsinghua and Qinghai universities.**

## Objective 2

Create a distinctive educational experience for our students, in Auckland and overseas.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
2.1 % International students (EFTS)	11	12	≥ 12	13
2.2 % International postgraduate students (Postgraduate EFTS)	15	16	25	19
2.3 Students studying off-shore (number)	793	1,281	2,000	1,530

- **The number and percentage of EFTS generated by international students grew by 9% between 2011 and 2012. International students generated 4,122 EFTS and are now 13% of total EFTS.**

- **The percentage of postgraduate EFTS contributed by international students increased by 3% to 19%, from 2011 to 2012.** The percentage of postgraduate EFTS generated by international students has increased by 5% over the period of the Strategic Plan from 2004 to 2012. However, the number of International postgraduate EFTS has more than doubled during the same period (from only 632 EFTS in 2004 to 1,348 in 2012). Much of the postgraduate EFTS increase is from the

enrolment of domestic funded international doctoral students which has increased from 135 EFTS in 2004 to 629 in 2012.

- **The University has 103 formal exchange agreements with partner universities in 25 countries.** In 2012, 267 Auckland students took the opportunity to study for at least one semester overseas, and were represented at 83 of our 103 international partners. New exchange partnerships were confirmed with University of Munich (Germany), Royal Irish Academy of Music (Ireland), Folkwang University of the Arts (Germany), City University of Hong Kong (Hong Kong), Fukuoka Women's

University (Japan), and Aarhus University (Denmark). The first three agreements were signed to provide specific opportunities for students in the fields of Architecture and Music. The top destinations chosen by exchange students were the USA, UK, Canada, France and Korea. Germany, Australia and Japan were also popular choices.

- **A further 1,263 students engaged in a range of other overseas academic activities outside the formal exchange programme.** These included conferences, field trips, summer schools, internships and research.

## Research and creative work

The University of Auckland makes a significant contribution to New Zealand society and to its economy as a result of the research undertaken by the University's staff and students. The direct outcomes of research are measured through the quality of research staff, publications, patents, the economic benefits of commercialising intellectual achievements and research postgraduate education. The research undertaken contributes to human knowledge across a wide range of disciplines, underpins the unique research-informed nature of university education, and creates social, economic and environmental benefits for the country.

## Objective 3

Achieve a PBRF ratio of A:B:C:R rated researchers working at the University of 20:50:22:8 through the development of a high quality research environment.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
3.1 % PBRF eligible staff ranked A (FTE)	14	14	20	14
3.2 % PBRF eligible staff ranked B (FTE)	36	36	50	36
3.3 % PBRF eligible staff ranked C (FTE)	34	34	22	34
3.4 % PBRF eligible staff ranked R (FTE)	16	16	8	16
3.5 Citations per FTE (PBRF Eligible FTE)	12.9	22	≥ 19.0	19

- The PBRF ratios used in the performance measures are the official Tertiary Education Commission Research Quality Evaluation results<sup>1</sup>.
- The PBRF team successfully completed submission of the University's Census and Evidence Portfolio data to the TEC in July; 1759 Evidence Portfolios were submitted. The submissions listed 42,817 research outputs, 61,991 items of peer esteem and contributions to the research environment, and included full text copies of 7,555 research outputs. The evidence portfolios will be assessed by national peer review panels. Results are expected in April 2013.
- Seven staff were awarded Early Career Research Excellence awards,

which recognise and promote excellence and research leadership potential among the University's emerging researchers.

- Three projects led by University of Auckland researchers received grants from the WUN Research Development Fund in 2012. The projects funded through this competitive fund cover a diverse range of topics of global significance.
- Professor Margaret Hyland in the Department of Chemical and Materials Engineering is one of three new members appointed to the Marsden Fund Council. Margaret will convene the Marsden Fund Council's Engineering and Interdisciplinary Sciences Panel.

- The University of Auckland has been involved in the launch of two international research networks in 2012: INFORMAS (International Network for Food and Obesity / Non-communicable Diseases Research, Monitoring and Action Support), led from The University of Auckland, will monitor the efforts of governments and the food industry to prevent obesity; and the Global Asthma Network (GAN), aims to improve care for people with asthma, with work ranging from research into the causes of asthma to improving access to essential medicines.

<sup>1</sup>See bottom of page 31.

## Objective 4

Achieve 800 masters and 500 doctoral completions per annum through the development of an international quality graduate programme.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
4.1 Doctoral theses completions	296	322	500	325
4.2 Masters theses completions (PBRF eligible ie 90 points or more)	701	854	800	862
4.3 % Doctoral completion (within five years)	57	57	55	57
4.4 New doctoral candidates enrolled	465	465	650	509

- The number of doctoral completions in 2012 was marginally higher than in 2011. Doctoral theses completions have nearly doubled from 171 in 2004, before the start of the Strategic Plan, to 325 in 2012.
- Masters theses completions for 2012 are above target, with a small increase from last year. Masters theses completions have increased by more than 50% from 568 in 2004 to 862 in 2012.
- 10,307 students 25% of the student body were enrolled in a postgraduate qualification in 2012. The University's graduate student scholarships were important in supporting and attracting students to the graduate programme. In 2012, 628 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally funded bursaries or awards; a further 66

students received payments from external sources administered via the University. Forty percent of the University of Auckland Doctoral Scholarships awarded were taken up by international students. In all, doctoral students received over \$17 million of funding and support in 2012.

- The quality of the University's doctoral programme was recognised through grants and awards, including U21 Doctoral Mobility Scholarships, awarded to five PhD students to further their research. The winners of the annual Vice-Chancellor's prize for best doctoral theses at The University of Auckland were: Dr Peng Du (Auckland Bioengineering Institute); Dr Jie Han, (Chemical and Materials Engineering); Dr Joseph Heled (Computer Science); Dr Tarik Sammour (Surgery); and Dr Emma Willis (English) whose theses covered topics as diverse as: an investigation into gastric electrophysiology; designing

a process to eliminate the risk of estrone contaminant in treated wastewater; Bayesian computational inference of species trees and population sizes; the peritoneal response to injury and laparoscopic insufflations; and the examination of theatricality as a mode of ethical responsiveness.

- The Joint Graduate School arrangements were extended in 2012 to include a new school in Dairy Research and Innovation. The school is a collaboration with industry body DairyNZ, farmer cooperative LIC (Livestock Improvement Corporation) and the Crown Research Institute, AgResearch. The school will provide a focus for postgraduate students and researchers in fields relevant to the dairy industry, significantly boosting research and innovation in New Zealand's most valuable export industry.

## Objective 5

Provide enhanced support for research activities by doubling external research income to \$270 million per annum.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
5.1 Total external research income earned (\$m)	218	243	270	229
5.2 PBRF eligible external research income (\$m)	150	144	189	141
5.3 External Research Income (PBRF Eligible) per FTE (PBRF eligible)	100,987	97,042	135,805	82,735

- **Overall External Research Income (ERI) for the University, including UniServices, did not meet the 2012 targets. However, the total ERI in 2012 did increase over that achieved in 2011 by 1.5%. ERI over the period of the Plan has increased by 75%.**
- **PBRF eligible revenue reduced by 2% between 2012 and 2011. The increased emphasis in public funded research on collaborative arrangements increases the proportion of grants earned that are sub-contracted to other Universities and not eligible to be counted in this measure.** The University's share of the PBRF-ERI pool as provided by the TEC final allocation for 2011 was 36.65% which is consistent with its performance in past years.
- **The Marsden Fund distributed \$54.6 million to 86 research teams around the country in 2012.** Twenty-three research teams from across The University of Auckland received a total of \$14.7 million, for projects addressing issues as diverse as bullying and victimisation in young New Zealanders, understanding dark matter, and the mechanisms of heart failure. This is the best success to date for the University in a Marsden Fund round.
- **The Health Research Council (HRC) is the principal Government agency responsible for funding health research in New Zealand.** The University was successful in the HRC's 2012 funding round, receiving a total of \$25.65 million, or almost 40%, of the grant funding announced. Five researchers from the University received HRC Emerging Research First Grants, and two were awarded Feasibility Study grants.
- **The first round of funding administered by the new Ministry of Business, Innovation and Employment resulted in 4 successful bids for the University, a total of \$18.5 million for the University.**
- **Six University research teams were successful in securing Royal Society of New Zealand (RSNZ) funding worth a total of \$1m in 2012.** This was to participate in multi-institutional exchange programmes under the EU FP7 Institutional Research Staff Exchange Scheme (IRSES) 2012.
- **Two University of Auckland academics have been awarded Sir Charles Hercus Health Research Fellowships by the HRC - Dr David Baddeley (Physiology) and Associate Professor Ralph Maddison (Population Health).** In addition, University of Auckland applicants were awarded five of eight Research Training Fellowships and the Pacific Health Doctoral, and two Pacific Health Masters Scholarships.
- **University of Auckland scientists Dr Jessie Jacobson and Dr Nicholas Rattenbury received prestigious Rutherford Discovery Fellowships.**
- **The University of Auckland is part of a consortium of research groups in Australia and New Zealand awarded a major international grant, \$NZ 8.8 million over three years, from Wellcome Trust (UK) for new drugs to improve bone marrow stem cell transplants in cancer patients.**
- **The 2012 Celebrating Research Excellence event was held in May.** The event included the inaugural presentation of the Vice Chancellor's Commercialisation Medals to Professor John Boys and Associate Professor Grant Covick, and Professors Bill Denny and Bill Wilson.
- **University of Auckland researchers were awarded research grants and scholarships from a number of external agencies.** These included the Lotteries Foundation, the Cancer Society and the Auckland Medical Research Foundation. These grants recognise the importance and quality of the University's research activities.

## Objective 6

Develop Large-Scale Research Institutes of excellence.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
6.1 External research income earned per LSRI (\$m)	18.7	19.3	24.7	20.1
6.2 Large Scale Research Institutes (Number)	2	2	3	2

- **The Liggins Institute continues to expand its network of strategic collaborations, and to increase its capacity to deliver high quality research outputs that will benefit society.** The contributions of recent new senior academic appointments are reflected in the Institute's increased profile and activities.
- **The Institute achieved some significant successes in a challenging funding environment, with a grant from the Bill & Melinda Gates Foundation (US) and another for a collaborative research project from the Bupa Foundation (UK).**

- **The relocation of the Liggins Institute to the new facilities in the Medical and Health Sciences campus will enhance the opportunities for collaborations, and provide purpose designed facilities for research and community engagement.**
- **ABI Director Distinguished Professor Peter Hunter received a lifetime achievement award from the IEEE Engineering in Medicine and Biology Society (EMBS).** Professor Hunter’s pioneering contributions to multi-scale physical modelling of biological systems,

particularly his work on the Physiome Project were recognised.

- **Dr Mark Sagar joined the ABI as Director of the new Laboratory for Animate Technologies.** Dr Sagar is creating ‘living technology’ that takes computer animation to a new level with interactive simulations driven by neurobehavioral models. He is also collaborating with the Centre for Brain Research in modelling the neural systems involved in neurodegenerative diseases such as Huntington’s disease.

- **The ABI has been involved in a diverse range of projects that have wide potential applications including a high-pressure needle-less injection device developed by Dr Andrew Taberner in collaboration with colleagues at MIT (Boston).** This device can deliver accurate doses of medication in different quantities to various depths by injecting medication without needles, through the skin at close to the speed of sound.

## Teaching and learning

A high quality teaching and learning environment helps to ensure that qualifications achieved by students are of international standing. That, in turn, benefits both graduates and the wider community. The New Zealand community benefits through the critical thinking and enhanced skills graduates bring to the workforce. University graduates benefit through higher salaries, a lower unemployment rate, and better health outcomes than those who do not hold a degree. The average lifetime earnings of university graduates have been shown to be \$1.5 million more than for non-graduates.

### Objective 7

Achieve a high quality student body with an annual growth rate of equivalent full-time students of 1%. This student body is to be composed as follows: 78% in undergraduate, 12% in taught postgraduate and 10% in research postgraduate programmes.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
7.1 Total EFTS	32,654	32,193	32,978	32,657
7.2 % Annual EFTS growth	3.0	-1.4	-0.3	1.4
7.3 % Research postgraduate EFTS	7	8	8.2	8
7.4 % Taught Postgraduate EFTS	13	12	14.0	14

- **Total EFTS increased by 1.4% against planned growth of around 2%.** Full fee International student EFTS increased by 3% and domestic-funded EFTS by close to 1%. Domestic-funded EFTS were just short (434 EFTS) of the University target but remained 1.5%

above the SAC funded EFTS allocation.

- **The percentage of students undertaking a full-time programme increased again marginally in 2012 compared with 2011.** The percentage has increased from 60% in 2004 to 65% in 2012. 72% of those enrolled in

a formal programme are aged 25 or less.

- **The proportion of research postgraduate enrolments increased in 2012 to 8%;** with taught postgraduate enrolments at 14%.

### Objective 8

Create a curriculum meeting the highest standards of excellence across the University.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
8.1 Degrees accredited by professional associations / accreditation bodies	30	36	≥ 30	45
8.2 % Qualification completions (domestic, undergraduate)	57	57	≥ 60	58

- **The accreditation by external professional bodies and accreditation agencies of the following degree programmes was renewed in 2012:**

- Master of Arts (Screen Production)
- Bachelor of Arts (Honours) (Screen Production)
- Bachelor of Property
- Bachelor of Property (Honours)
- Master of Business Administration
- Master of Urban Planning
- Bachelor of Education (Teaching)
- Graduate Diploma of Teaching (Early Childhood Education, Primary, Secondary)
- Master of Health Sciences (Nutrition and Dietetics)
- Master of Speech Language Therapy Practice

- **The University of Auckland's Screen Production Programme (Department of Film Television and Media Studies) has joined the ranks of the world's best film and television schools.** The Screen Production Programme was

unanimously voted into the membership of CILECT (Centre International de Liaison des Ecoles de Cinéma et de Télévision) based on the quality of its teaching, and the films produced by its students.

- **Eight programme and department/school reviews were conducted in 2012.**

- **The Department of Engineering Science and the Schools of Counselling, Human Services and Social Work;** Critical Studies in Education; European Languages and Literatures; Nursing and Pharmacy were reviewed by external panels.

- **The Bachelor of Science, Bachelor of Commerce and Graduate Diploma in Commerce were reviewed by external panels.**

- **Recommendations from Review Committees addressed such areas as challenging and extending high-performing students;** reviewing the size, content and structure of majors; and improving the integration of courses. Departments and faculties have provided written progress reports on the implementation of these recommendations.

- **The Committee on University Academic Programmes has approved the introduction of a number of new specialisations and subjects, and the introduction of the following qualifications:**

- Master of Professional Accounting
- Master of Health Psychology
- Master of Philosophy
- Certificate in Academic Preparation

- **Graduating Year Reviews were completed and approved for the following qualifications and specialisations:**

- Master of Public Policy; Master of Legal Studies; Bachelor of Health Science (Honours); Bachelor of Health Sciences/ Bachelor of Law (Honours) conjoint; Commercial Law for the Bachelor of Commerce (Honours) and the Postgraduate Diploma in Commerce; Pasifika for the Bachelor of Education (Teaching) and the Diploma of Teaching - Early Childhood Education; Disability Support for the Graduate Diploma in Education; Social Work for the Postgraduate Diploma in Health Sciences.

## Objective 9

### Create and maintain an outstanding teaching and learning environment.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
9.1 Student : academic staff ratio	19.4	18.9	18.0	18.2
9.2 Academic: general staff ratio	1.5	1.4	1.6	1.5
9.3 % new undergraduate retention (re-enrolment)	90	87	≥ 91	87
9.4 % Library collections expenditure (Total Revenue)	1.9	1.8	≥ 2.3	1.7

- **The student to academic staff ratio decreased in 2012, moving close to the target ratio.** The academic to professional staff ratio increased slightly in 2012, mainly as a result of the increased academic staff appointment. The change brings the ratio closer to the target.
- **The retention from 2011 to 2012 of undergraduate students was unchanged from the 2011 ratio.**

Although retention in 2012 is lower than that achieved in 2004 (90%), the criteria to retain eligibility for loans and allowances have changed over that time and is a factor in the lower rate. Programmes to assist first year students' social and academic orientation to the University have been expanded. Students responding to the 2012 Teaching Learning Survey have rated these programmes more highly than in previous years.

- **An ultra-modern hall of residence close to the University opened for 442 first-year students for the 2012 academic year.** The residence has features designed to encourage informal networking and collaborative study. These include a wireless e-library, a study pod on each residential floor complete with white board and internet connection, a lounge, and a well-equipped games room.

## Te Tiriti o Waitangi/The Treaty of Waitangi

The University is committed to its obligations and responsibilities under Te Tiriti o Waitangi. This includes (but is not limited to) the University playing its part in “the realisation of Māori aspirations and development”<sup>1</sup> through education and to ensure more Māori progress to higher levels of tertiary education.

### Objective 10

Fulfil the responsibilities and obligations of the University under Te Tiriti o Waitangi.

Performance Indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
10.1 % Maori academic staff (FTE)	5	5	≥ 7	6
10.2 % Maori general Staff (FTE)	6	5	≥ 7	6
10.3 % Maori students (domestic EFTS)	7	8	≥ 7	8
10.4 % Maori successful course completions (undergraduate)	84	82	≥ 80	85
10.5 % Maori qualification completions (domestic, 5 year, degree-level and above)	44	49	≥ 51	48

- **The performance indicators show that the proportion of Māori staff and students has improved over recent years. Albeit below the targeted proportion. EFTS generated by Māori students increased by 3% in 2012 to reach 2,220 EFTS.** The percentage of Maori among the domestic student population has risen from 6% in 2004 to 8% in 2012.
- **699 Māori students completed a qualification in 2012.** This is 251 more than completed a qualification in 2004 before the start of the Strategic Plan. The pass rate for Maori students at 85% is close to the overall rate and an improvement on the rates (80%) achieved in the early years of the Plan.
- **The Office of the Pro Vice-Chancellor (Māori), on behalf of the University works in partnership with other institutions on projects including the MANU Ao Academy, Te Wheke a Toi Postdoctoral Fellowship, and MITE: Māori in Tertiary Education.** Under the umbrella of the MANU Ao Academy, the

Office of the Pro Vice-Chancellor (Māori) provided a series of workshops over three weeks in May for Māori staff.

- **The University’s leadership in higher education was recognised at the Informa Higher Education Summit 2012, where the Pro Vice-Chancellor (Māori) was a keynote speaker presenting on “Towards 2020: Why Māori participation in tertiary education is critical to the future of Aotearoa.”**
- **The Office of the Pro Vice-Chancellor (Māori) continued to maintain links and work with iwi in Tai Tokerau and Tāmaki, Waikato, Rotorua, and the central North Island, including other iwi networks and collectives.**
- **The Office sponsored or participated in a number of community initiatives that allow the University to actively engage with local iwi and hapu including:** Hōkianga Science Week, in association with Te Rūnanga O Te Rarawa; Ngāpuhi Arts Festival in Kaikohe; and Kingitanga Day.

- **The James Henare Centre hosted the international Workshop on World Heritage and Indigeneity in March.** Participants from Hawaii, Fiji, Tahiti, Cook Islands, Australia, and New Zealand attended.

<sup>1</sup>Ministry of Education, 2008. “Ka Hikitia – Managing Success: The Māori Education Strategy 2008 – 2012”

<sup>2</sup>Qualification completion targets for 2011 use the Education Performance Indicator completion rate definition. Performance in 2011 is measured using a cohort-based five year completion rate.



## Community engagement

The University interacts with and serves many diverse communities locally, nationally, and internationally. Its on-going relationships with employers, industries, schools, and other teaching and research institutions as well as with government, councils, and regional and community groups play an important part in the achievement of the university's mission and goals. The on-going support of alumni and friends of the University are particularly important relationships for the university – as future staff and researchers, employers, collaborators, postgraduate students, parents of prospective students, and as donors. Alumni have a strong interest in the university retaining international esteem and thus being continuing proof of the value of their association and, if graduates, of the quality of their degrees. The financial contributions of alumni and friends allow the University to offer scholarships, make staff appointments and extend facilities that would not otherwise be possible.

### Objective 11

Develop effective partnerships with the University's local, national and international communities.

- **The Vice-Chancellor's Community Consultative Group was active in 2012 considering new initiatives being undertaken by the University and commenting on the impact the University has on the communities with which the Committee members interact.**
- **Discussions took place about a number of current management and governance issues and research developments as well as information about the University's strategic plan;** the involvement of University staff in the follow-up to the Christchurch earthquakes; student residential accommodation developments and changes to both the Grafton and Tamaki campuses. Campus developments will be part of the 2013 programme.
- **The Auckland community took the opportunity to engage with internationally renowned researchers and their research.** Public events included lectures by visiting fellows, inaugural professorial lectures, and the Winter Lecture series entitled "Hazards, disasters, risks and responses: Auckland are you ready?" The 2012 Robb Lectures were delivered by Alison Gopnik, a professor of psychology and affiliate professor of philosophy at the University of California at Berkeley. She is an internationally recognised leader and author in the study of children's learning and development. The theme for the series of three lectures was "The philosophical baby: What children's minds can teach us about the big questions".
- **The Graduation Gala Concerto Competition was held at Auckland's Town Hall. Violinist Stella Kim, bassoonist Natasha Port and pianist Nayoung (Jane) Koo each performed a full concerto accompanied by The University of Auckland Symphony Orchestra to capacity audience.** Jane received the grand prize for her performance of Camille Saint-Saëns's Piano Concerto No. 2 in G minor, Op.22.
- **The Chancellor and a large number of staff and students contributed to the very successful visit to the University by His Royal Highness The Prince of Wales.** He was hosted at a series of presentations on some of the University's high tech inventions.
- **A centre to examine human rights in a changing world has been established at the University.** The New Zealand Centre for Human Rights Law, Policy and Practice aims place human rights, once again, at the centre of public discussion. Rosslyn Noonan, distinguished alumna and former Chief Commissioner for the NZ Human Rights Commission, has been appointed Visiting Fellow with the Centre.
- **The rich legacy of research and other collaboration between the University and Auckland War Memorial Museum has been strengthened by the signing of a Memorandum of Understanding (MoU) between the institutions.** The MoU is expected to produce an increased number of high quality research partnerships across natural sciences and human history and other projects of mutual interest.

### Objective 12

Engage alumni and friends in mutually supportive and productive relationships.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
12.1 Donations, bequests and fundraising revenue (\$000)	9,250	11,030	9,557	7,500
12.2 Alumni with whom the University is actively engaged	19,174	23,904	16,073	24,962

- **This measure (12.1) represents revenue from donations and bequests, recognised as revenue by the University, the amount recognised is below target as lower than anticipated equipment and revenue was transferred to faculty use.**
- **In 2012 the University engaged with over 8000 donors, alumni and friends locally and internationally through a range of events including celebration dinners, receptions and lectures.** The events provided a significant opportunity to share with these key stakeholders the University's

new Strategic Plan 2013-2020 as well as promote significant research through a variety of University keynote speakers.

- **The Auckland events calendar began with the Distinguished Alumni Dinner and Auckland Live!, an interview with the six 2012 award winners.**

Distinguished Alumni Awards were made to graduates who have been very successful in science, arts, engineering, education, visual arts and medical and health sciences.

- **Other events included a celebration by the Faculty of Law**, the annual Golden Graduates lunch for those who graduated 50 or more years ago and a MBChB Reunion weekend for seven graduation years.
- **Donor recognition events included the annual Legacy Society lunch and the Chancellor's Dinner which celebrated our extremely successful Leading the Way philanthropic campaign raising over \$200 million.**

- **The University of Auckland bestowed honorary doctorates on two prominent New Zealand business figures, Hugh Fletcher and Owen G Glenn, in recognition of their major contributions to New Zealand and to the University's well-being in recent years.**

## Excellent people

Leading universities are primarily defined by their ability to attract and foster the best students and the most qualified teachers, researchers and administrators. The University aims to recruit and retain a high quality, diverse staff and student body that draw upon the widest possible pool of talent. Universities that encourage and reward talent are exciting places to work and study, open themselves up to new ideas and approaches, and extend their benefits to the wider community through the skills of their graduates and the impact of staff research outputs.

### Objective 13

**Recruit and retain a high-quality staff and student body, striving to create equal opportunities for all those of ability to succeed in a university of high international standing.**

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
13.1 % School leavers with a GPE > 5 (on a 9 point scale)	35	38	≥ 36	45
13.2 % Students under 25 (domestic)	76	77	76	74
13.3 % qualification completions for under 25's (domestic, 5 year degree-level and above)	64	64	≥ 66	63
13.4 % successful course completions for under 25's (domestic, undergraduate)	87	88	87	88
13.5 % Senior academic positions filled by women (FTE)	24	25	≥ 28	26
13.6 % Pacific academic staff (FTE)	3	2	≥ 3	2
13.7 % Pacific professional staff	6	5	≥ 6	5
13.8 % Pacific students (Domestic EFTS)	8.5	8.5	≥ 10	8.5
13.9 % Pacific successful course completions (undergraduate)	73	73	≥ 70	77
13.10 % Pacific qualification completions (domestic, 5 year degree-level and above)	44	46	≥ 40	39

- **The quality of the student intake, as measured by the percentage of school leavers with an entry score grade of five or better, has increased significantly in 2012 to reach 45%.** In 2005, the first year of the Strategic Plan only 32% of our school leavers achieved 5 or better.
- **The improvement in the achievement of Pacific students in 2011 has been maintained in 2012.** The pass rates have moved up significantly to 77%,

they had been unchanged at around 73% for the past several years. The improved pass rates over the life of the Strategic Plan, up from 66% in 2004, is the outcome of significant effort by both students and staff to ensure Pacific students succeed.

- **The number and percentage of women in senior academic positions has improved again in 2012 with 26% of staff in senior positions being women.** The proportion of

senior academic positions held by women has improved over the life of the Plan, up from 20% in 2004.

- **The University received the 2012 Randstad Award for the Most Attractive Employer in the New Zealand Education Sector, and 8th place in the overall ranking of the most attractive large New Zealand employers.**

<sup>1</sup>Qualification completion targets for 2011 use the Education Performance Indicator completion rate definition. Performance in 2011 is measured using a cohort-based five year completion rate.

## Objective 14

**Create and promote a student environment that is welcoming, enjoyable and stimulating, encouraging students to reach their full potential within a climate of academic excellence.**

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
14.1 % undergraduate students expressing satisfaction with University experience	n/a	93	≥ 90	94
14.2 % postgraduate students expressing satisfaction with University experience	n/a	92	≥ 90	95

- In 2012, a record response rate of over 50% for all groups was achieved in the Teaching and Learning Survey.** 95% of first-year undergraduates, 93% of higher-year undergraduates, and 95% of postgraduate students responding indicated that they were generally satisfied with their overall University experience. The survey instrument provides insights into many aspects of students experience at the University and will support enhancements to the delivery of courses and services.
- The University's students and alumni were again successful at the 2012 Prime Minister's Pacific Youth Awards.** Karina Kaufusi, a conjoint Engineering/Commerce student was awarded The University of Auckland-sponsored Leadership Award. Masuaga Pati Ah Sue, who completed his Bachelor of Visual Arts in 2012, won the 2012 Weta Workshop-sponsored Creativity Award. Douglas Quensell, Bachelor of Engineering (Hons) graduate, won the Mobiles4Good Award sponsored by Vodafone,
- Other student successes nationally and internationally included:** Elam School of Fine Arts graduate and Doctoral candidate Kate Newby won New Zealand's most prestigious art award, the Walters Prize, with her work "Crawl out your window". The Rothko Quartet from The University of Auckland was awarded the 2012 Pettman/ROSL Arts International Scholarship, to travel and perform in the UK. Quartet members, Olivia Francis, Emily Bouwhuis (violins), Alex Macdonald (viola) and Cameron Stuart (cello), have all been section leaders in the Auckland Youth Orchestra and The University of Auckland Orchestra. Six graduates were awarded Fulbright scholarships in 2012.
- Student teams participated successfully in national and international competitions.** Four students of the University were at the London Olympic games: Katie Hoyle (Football); Stacey Michelsen (Hockey); Stephanie Hazard (Yachting); and Teneale Hatton (kayaking).
- The NZ Universities Blues Sporting and Cultural Awards recognise elite athletes' commitment to their sport as well as their studies.** This year nine University of Auckland students received awards: Kevin Dennerly-Minturn (Badminton); Chelsea Farley, Tessa Farley and Thivya Jeyaranjan (Curling); Benjamin Milson and Nupur Upadhyay (Debating); Andrew Rahardja (Karate); Toby Scott (Orienteering); and Brooke Millar (Water polo).
- Student success in academic, recreational and cultural activities is celebrated each year with the award of prizes and scholarships.** Encouragement and support are provided to student-led initiatives such as Spark and Chiasma.
- The University encourages strong and effective student leadership through the Auckland University Students' Association, Postgraduate Students' Association, and through departmental and faculty staff-student consultative committees.** Regular briefings were held with student representatives on key University committees.

## Objective 15

## Create a culture that encourages academic and general staff to reach their full potential

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
15.1 Number of prestigious international awards held by staff	182	182	≥ 250	194
15.2 Professional development expenditure per FTE	1,469	1,309	≥ 1,300	1,257

• **New Zealand honours were awarded to several staff including:**

- Companion of the New Zealand Order of Merit for services to science: Distinguished Professor Margaret Brimble (Chemical Sciences)
- Companion of the New Zealand Order of Merit for services to ophthalmology: Dr Bruce Hadden (Ophthalmology)
- Officer of the New Zealand Order of Merit (ONZM) for services to the health sector: Professor John Shaw
- Member of the New Zealand Order of Merit (MNZM) for services to medicine: Dr Jeremy Cooper
- Member of the New Zealand Order of Merit (MNZM) for services to Māori education: Dr Merata Kawharu

• **Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff:**

Distinguished Professor Margaret Brimble (Chemical Sciences) won the Rutherford Medal, the MacDiarmid Medal for outstanding scientific research, and the Hector Medal for outstanding work in chemical sciences; Professor David Williams (Chemical Sciences) received the Pickering Medal for his contribution to the development of biomedical and gas sensors; Professor Russell Gray (Psychology) received the Mason Durie Medal for his pioneering research on questions of fundamental relationships between human language, cognition and biology; Professor Jonathan Mane-Wheoki (Elam School of Fine Arts) received the Pou Aronui Award for his contribution in the development of the humanities in Aotearoa New Zealand; Professor John Fraser (Medical and Health Sciences) received the Sir Charles Hercus Medal for his pioneering studies on bacterial superantigens; Professor Reinhard Klette (Computer Science) was elected as a Fellow of the Royal Society of New Zealand; and Professor John Montgomery (Biological Sciences) was

awarded a James Cook Fellowship from the Royal Society NZ.

• **Members of the University accorded international honours included:**

Professor Craig Elliffe (Commercial Law) was appointed a member of the Permanent Scientific Committee (PSC) of the International Fiscal Association; Dr Mark Taylor (Light Metals Research Centre) was awarded two prestigious international awards from The Minerals, Metals and Materials Society; Associate Professor Toeolesulusulu Damon Salesa's book *Racial Crossings: Race, Inter marriage, and the Victorian British Empire* won the prestigious Ernest Scott Prize; Professor Jean-Jacques Courtine (European Studies), was awarded a Vermeil Medal (Academy Prize); Distinguished Professor Marston Conder (Mathematics) was selected to join the Fellows of the American Mathematical Society (AMS); and Associate Professor Harry Allen (Anthropology) was elected as an Honorary Fellow of the Australian Academy of the Humanities.

• **The 2012 Prime Minister's Science Prizes were awarded to conservation scientist Dr James Russell and to school student Hannah Ng for research conducted at the University.**

Dr Russell (Biological Sciences) received the Prime Minister's MacDiarmid Emerging Scientist Prize for his internationally-recognised conservation work.

• **Jennifer Curtin (Political Studies) was awarded a Fulbright scholarship for 2012, and Rochelle Constantine (Biological Sciences) and Te Kawehau Hoskins (Te Whare Kura) received Fulbright Travel Awards.**

• **Staff involved in the Success for All research project were recognised by the New Zealand Association for Research in Education (NZARE) for work that better understands Māori and Pacific student success in degree-level study.** The team were awarded the NZARE Group Research

Award and commended for the significance of their research for Māori and Pacific student teaching and learning.

• **Staff success and contribution were celebrated at the Professional Staff Excellence Awards.** Staff received awards for: Excellence in Innovation (Darren Woodward and Jin Koo Niersbach), Leadership (Mary Grigor), Teamwork (Unisafe Security Team), Contribution to International Standing (Auckland University Press Team), Contribution to Research and Creative Work (Peter Lai), Contribution to Teaching and Learning (Team Based Learning Lab Project Team), Contribution to Te Tiriti o Waitangi/The Treaty of Waitangi (Tuakana Engineering Team), Contribution to Engagement with Communities (Barbara McCulloch), Contribution to Excellent People (Matt Newey and Jarrod Shearer), and Contribution to Resourcing and Organising for Quality (Stephen Rothman).

• **The University presented eleven Excellence in Equity awards to individuals and groups throughout the University at the biennial Awards ceremony.**

• **The University made the following senior academic appointments:**

- Professor Jenny Dixon as Deputy Vice-Chancellor (Strategic Engagement)
- Professor John Fraser as Dean of Medical and Health Sciences.

## Resourcing and organising for quality

The University's strong traditions of academic culture and collegial decision-making are underpinned by excellent management and governance, and a robust risk management framework. The University's commitment to excellence extends to all of its financial, investment, governance and management practices, helping to build capacity and to ensure the long term sustainability of the institution for the benefit of Auckland and New Zealand. The University places a strong emphasis on the achievement of a diverse and growing income stream which will accommodate the maintenance and ongoing improvement of the University's infrastructure for current and prospective staff and student activities. Achievement of these goals is consistent with the financial and risk assessment guidelines established by the TEC as well as the strong emphasis on quality and relevance sought by the Government.

### Objective 16

Safeguard the long-term viability and autonomy of The University of Auckland through excellent financial management.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
16.1 Total Revenue (\$M)	889	933	936	931
16.2 Operating surplus as a % of revenue	3.1	3.5	≥ 3.0	3.1
16.3 Operating cash receipts as a % of operating cash payments	115	117	≥ 115	115
16.4 Revenue achieved as a % of Budget	103	105	100	100

- **Overall University revenue in 2012 is fractionally below target and largely unchanged from that in 2011.** Over the period of the Strategic Plan revenue has grown by around \$350M or 60%.

- **Monthly and semestral reviews of financial performance against budget and forecast were undertaken at various levels of the University organisation structure.** Explanations for variances were sought and where appropriate approved.

### Objective 17

Increase and diversify the University's revenue.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
17.1 Teaching & Learning income per EFTS (Indexed to 2004)	11,737	11,778	≥ 12,500	12,226
17.2 Total revenue per FTE (Academic)	436,421	456,136	464,000	431,266

- **The main sources of increased revenue in 2012 were related to the University's teaching and learning.** Revenue from government tuition subsidies increased as a result of changes to the mix of courses funded. Domestic and International tuition fees increased in line with increased enrolments. International tuition fees were 9% of the University's overall revenue and domestic tuition fees 16%.

- **The approval through Universities New Zealand Committee on University Academic Programmes, and launch by the Faculty of Business and Economics, of new and changed transition masters qualifications to be offered from 2013 to a primarily international market will contribute to increasing the diversity of the University's revenue.**

## Objective 18

Provide an infrastructure that supports teaching, learning, research, and community engagement of the highest quality.

Performance indicators	2010 Actual	2011 Actual	2012 Target	2012 Actual
18.1 People costs as a % of total expenditure	60	61	58	62
18.2 EFTS per open access computer work stations	6.1	6.0	6.4	6.1
18.3 Space per student (AFA M2/EFTS)	8.7	9.2	10.5	8.9
18.4 Property, plant and equipment per student (Assets/EFTS)	44,625	49,132	≥ 40,000	49,413

- The University's Campus re-development planning continued in 2012.** A resource consent application has been lodged for the Engineering building extensions; Council approval for the re-development of the Science Tower Building was given in June with construction due to be started in 2013 and due diligence on the Newmarket site continuing alongside early concept designs for the sites' use.
- Foundation work on the Carlaw Park student accommodation blocks is complete, and the Grafton Redevelopment Project is nearing completion.** The construction of the undergraduate Chemistry labs in the Maths/Physics building is making excellent progress. A major maintenance programme is continuing on the Epsom Campus and work on the significant refurbishment of the Recreation Centre has commenced.
- Major information technology infrastructure developments implemented this year included:** The University has launched the Hyperion Planning system in order to improve the timeliness and accuracy of our forecasting and planning. A University mobile application for Apple and Android devices was launched in October. The app has interactive maps, course information, news, videos and photos, and access to Ask Auckland and UoA's Facebook and Twitter sites. A second phase with timetable and university directory integration is planned. The upgrade HR PeopleSoft Version 9.1 was activated in June.
- A small team of staff will work in consultation with key University stakeholders to develop a Health and Safety Framework.** This will provide the foundation for improvements to our health and safety management system, and the development of a contemporary service delivery model for Health and Safety in the University. The project will also set out a roadmap and implementation plan to guide our health and safety programme and priorities for the next three years.
- Lease negotiations have been completed with UniLodge giving the University access to 377 beds in 289 apartments from 2013.** These rooms will be made available mostly to returning undergraduate and postgraduate students. The Accommodation Advisory Service is now also fully operational and assisting students to find accommodation in non-University facilities.
- The new data centre at the Tamaki Innovation Campus was opened in October.** The new facility improves our IT capacity, and substantially enhances our disaster preparedness, with major systems configured to operate from either the City campus or from Tamaki.
- The establishment of a single central unit to coordinate the processing of all University admission applications was completed with the transfer of 11 staff from the International Office to Academic Services.**

## Objective 19

Promote governance and management practices consistent with the mission and values of The University of Auckland.

- The University reported quarterly to the Audit Committee on key issues in risk management.**
- Compliance with University financial management policies including treasury and transactional policies was monitored on an on-going basis.**
- Establishing a framework for effective communications and relationships with the Auckland Council at various levels was a focus for university management and policy development during 2012.** An engagement strategy was adopted and key communication points identified.

## Objective 20

Operate planning and review processes that drive achievement of the University's strategic objectives.

- **The Strategic Plan 2013-2020 was finalised and approved. Other University planning and accountability documents are progressively being aligned to take into account the priorities of the new Strategic Plan.**
  - **The Council approved the 2013 Budget and noted the University and Faculty Key Performance indicators that have been aligned to the new**
- Strategic Plan objectives.** Progress toward the annual targets for eleven key indicators was reported to Council at each meeting. Progress toward Faculty and LSRI annual targets was reviewed by the Vice-Chancellor as part of Deans' and Directors' mid-year and annual reports and through the Semestral Review Process.
- **KPI development across the service divisions has progressed, with 13**
- service divisions having completed the KPI development and review process.** Progress has been made on the process for the remaining five service divisions.



# Statement of the cost of outputs

The University's Mission and Values establishes three broad classes of output that result from its activities. The outputs are research informed teaching learning and scholarship; fundamental and commercial applications of research and creative works, and contributions to its local, national and international communities.

	Consolidated		
	2012 Actual \$000	2012 Budget \$000	2011 Actual \$000
<b>Output classes</b>			
Research informed teaching	590,464	600,039	578,892
Research and creative works	273,812	269,593	284,704
Contributions to communities	37,770	37,944	37,126
<b>Total cost of outputs</b>	<b>902,046</b>	<b>907,576</b>	<b>900,722</b>

# Student services levy

	University
	2012 Actual \$000
<b>Student services levies received during the year</b>	<b>18,739</b>
<b>Allocated against the following student services:</b>	
Advocacy and legal advice	1,522
Careers information	1,823
Counselling and pastoral care	3,307
Employment information	71
Financial support and advice	42
Health services	1,233
Media	87
Clubs and societies	735
Sports and recreation	9,923
	<b>18,743</b>





# 4 Financial Statements

## Statement of responsibility

- The Council and management of The University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- The Council and management of The University of Auckland accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Council and management of The University of Auckland, the Financial Statements for the year ended 31 December 2012 fairly reflect the financial position and operations of The University of Auckland.
- The Council of The University of Auckland has reviewed these Financial Statements at its meeting of 4 March 2013 and formally adopted these Financial Statements for issue on 13 March 2013.



Dr Ian Parton  
CHANCELLOR



Professor Stuart McCutcheon  
VICE-CHANCELLOR



Mrs Adrienne Cleland  
DIRECTOR OF ADMINISTRATION

# Statement of comprehensive income

for the year ended 31 December 2012

	Note	Consolidated			University	
		2012 Actual \$000	2012 Budget \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
<b>Operating revenue</b>						
Government grants	2	369,905	368,979	369,525	369,905	369,525
Tuition fees		223,512	234,780	206,580	223,512	206,580
Research and contracts	3	229,424	234,882	225,557	109,410	108,019
Service income		87,854	82,353	91,690	116,030	110,436
Donations		7,500	6,404	11,030	7,659	12,871
Interest received		2,580	1,407	4,657	2,510	4,333
Other revenue	26	10,633	7,039	23,949	8,904	13,069
<b>Total operating revenue</b>		<b>931,408</b>	<b>935,844</b>	<b>932,988</b>	<b>837,930</b>	<b>824,833</b>
<b>Operating expenses</b>						
People costs	4	557,297	555,548	545,004	479,086	472,132
Operating costs	5	245,062	247,554	262,306	230,077	236,399
Finance costs		293	-	317	2,260	1,710
Depreciation and amortisation	6	99,394	104,473	93,095	97,546	91,820
<b>Total operating expenses</b>		<b>902,046</b>	<b>907,576</b>	<b>900,722</b>	<b>808,969</b>	<b>802,061</b>
<b>Net surplus before tax</b>		<b>29,362</b>	<b>28,268</b>	<b>32,266</b>	<b>28,961</b>	<b>22,772</b>
Income tax expense	15	268	-	-	-	-
<b>Net surplus after tax</b>		<b>29,094</b>	<b>28,268</b>	<b>32,266</b>	<b>28,961</b>	<b>22,772</b>
Gain/(loss) on works of art and special library collections revaluation	23	-	-	1,027	-	1,027
Gain/(loss) on land and buildings revaluation	23	3,222	-	-	3,222	-
Gain/(loss) on cash flow hedges taken to equity	23	579	-	364	327	423
<b>Total comprehensive income for the year</b>		<b>32,895</b>	<b>28,268</b>	<b>33,657</b>	<b>32,510</b>	<b>24,222</b>
<b>Attributable to:</b>						
Members of the parent entity		32,895	28,268	33,657	32,510	24,222

The accompanying Notes to the Financial Statements on pages 53 to 79 form part of and should be read in conjunction with these financial statements.

# Statement of financial position

as at 31 December 2012

	Note	Consolidated			University	
		2012 Actual \$'000	2012 Budget \$'000	2011 Actual \$'000	2012 Actual \$'000	2011 Actual \$'000
<b>Current assets</b>						
Cash and cash equivalents		20,518	-	9,929	10,996	6,147
Short term bank deposits		24,426	-	3,410	24,351	3,392
Receivables	9	52,729	42,102	46,363	39,708	35,559
Research work in progress		7,385	8,524	6,398	2,699	2,462
Derivative financial instruments	8	390	-	-	146	-
Inventories	10	1,649	1,067	982	1,044	982
Prepayments and other current assets		13,786	15,747	14,177	13,786	13,891
<b>Total current assets</b>		<b>120,883</b>	<b>67,440</b>	<b>81,259</b>	<b>92,730</b>	<b>62,433</b>
<b>Non current assets</b>						
Long term investments		16,328	20,158	15,921	16,261	15,827
Investment in subsidiaries	25	-	-	-	1,000	1,000
Property, plant and equipment	11	1,590,014	1,653,972	1,557,888	1,582,527	1,549,878
Intangible assets	12	23,663	29,798	23,441	22,674	22,140
<b>Total non current assets</b>		<b>1,630,005</b>	<b>1,703,928</b>	<b>1,597,250</b>	<b>1,622,462</b>	<b>1,588,845</b>
<b>Total assets</b>		<b>1,750,888</b>	<b>1,771,368</b>	<b>1,678,509</b>	<b>1,715,192</b>	<b>1,651,278</b>
<b>Current liabilities</b>						
Payables	13	105,460	104,470	117,677	91,331	98,652
Revenue in advance	14	101,634	94,399	90,446	70,980	62,963
Income tax payable	15	268	-	-	-	-
Loan and borrowings	18	620	-	620	40,620	50,599
Employee entitlements	16	36,467	34,524	34,729	34,242	32,089
Derivative financial instruments	8	-	-	189	-	181
Provisions	17	-	93	63	-	63
<b>Total current liabilities</b>		<b>244,449</b>	<b>233,486</b>	<b>243,724</b>	<b>237,173</b>	<b>244,547</b>
<b>Non current liabilities</b>						
Employee entitlements	16	43,312	35,561	41,192	43,277	41,138
Revenue in advance	14	12,000	26,886	17,000	12,000	17,000
Loans and borrowings	18	46,222	79,358	4,583	46,222	4,583
<b>Total non current liabilities</b>		<b>101,534</b>	<b>141,805</b>	<b>62,775</b>	<b>101,499</b>	<b>62,721</b>
<b>Total liabilities</b>		<b>345,983</b>	<b>375,291</b>	<b>306,499</b>	<b>338,672</b>	<b>307,268</b>
<b>Net assets</b>		<b>1,404,905</b>	<b>1,396,077</b>	<b>1,372,010</b>	<b>1,376,520</b>	<b>1,344,010</b>
<b>Equity</b>						
General equity	22	971,016	968,910	945,883	940,988	915,988
Reserves	23	403,025	405,004	399,244	404,668	401,139
Trust and special funds	24	30,864	22,163	26,883	30,864	26,883
<b>Total equity</b>		<b>1,404,905</b>	<b>1,396,077</b>	<b>1,372,010</b>	<b>1,376,520</b>	<b>1,344,010</b>

The accompanying Notes to the Financial Statements on pages 53 to 79 form part of and should be read in conjunction with these financial statements.

# Statement of cash flows

for the year ended 31 December 2012

	Note	Consolidated			University	
		2012 Actual \$'000	2012 Budget \$'000	2011 Actual \$'000	2012 Actual \$'000	2011 Actual \$'000
<b>Cash flows from operating activities</b>						
Government grants		370,016	383,464	367,236	370,016	367,236
Tuition fees		234,731	232,658	219,287	234,731	219,287
Other operating receipts		321,483	301,289	311,911	228,346	224,135
Goods and services tax (net)		4,149	4,053	5,080	3,229	5,602
Payments to employees		(496,304)	(497,866)	(473,360)	(434,773)	(415,937)
Other operating payments		(313,244)	(290,927)	(300,116)	(274,248)	(264,095)
Net cash provided by operating activities	7	120,831	132,671	130,038	127,301	136,228
<b>Cash flows from investing activities</b>						
Interest received		2,752	1,528	5,260	2,396	4,960
Dividends received		1,664	-	15,905	-	-
Proceeds from loan from subsidiary		-	-	-	-	12,278
Repayments of loan from subsidiary		-	-	-	(9,978)	-
Short term bank deposits		(21,423)	-	47,856	(21,393)	45,345
Property, plant and equipment and work in progress		(134,486)	(180,968)	(220,957)	(132,760)	(216,662)
Borrowing costs capitalised		(676)	-	-	(676)	-
Net cash provided by (used in) investing activities		(152,169)	(179,440)	(151,936)	(162,411)	(154,079)
<b>Cash flows from financing activities</b>						
Interest paid		-	(215)	-	(1,968)	(1,393)
Proceeds from borrowings		87,500	-	-	87,500	-
Repayments of borrowings		(46,130)	-	-	(46,130)	-
Net cash provided by/(used in) financing activities		41,370	(215)	-	39,402	(1,393)
<b>Net increase/(decrease) in cash and cash equivalents</b>						
Cash and cash equivalents at the beginning of the financial year		9,929	(32,374)	31,745	6,147	25,309
Effects of exchange rate changes on cash and cash equivalents		557	-	82	557	82
<b>Cash and cash equivalents at the end of the financial year</b>		<b>20,518</b>	<b>(79,358)</b>	<b>9,929</b>	<b>10,996</b>	<b>6,147</b>
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		18,373	-	7,142	10,061	5,021
Foreign currency current accounts at bank		2,145	-	2,781	935	1,120
Deposits at bank		-	-	6	-	6
		<b>20,518</b>	<b>-</b>	<b>9,929</b>	<b>10,996</b>	<b>6,147</b>

The accompanying Notes to the Financial Statements on pages 53 to 79 form part of and should be read in conjunction with these financial statements..

# Statement of changes in equity

for the year ended 31 December 2012

	As at 1 January 2012	Net Surplus for the year	Other comprehensive income for the year	Transfer Surplus to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2012
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2012</b>						
General equity	945,883	29,094	-	(3,981)	20	971,016
Asset revaluation reserve	399,433	-	3,222	-	(20)	402,635
Hedging reserve	(189)	-	579	-	-	390
Trust and special funds	26,883	-	-	3,981	-	30,864
<b>Total</b>	<b>1,372,010</b>	<b>29,094</b>	<b>3,801</b>	<b>-</b>	<b>-</b>	<b>1,404,905</b>

<b>University 2012</b>						
General equity	915,988	28,961	-	(3,981)	20	940,988
Asset revaluation reserve	401,320	-	3,222	-	(20)	404,522
Hedging reserve	(181)	-	327	-	-	146
Trust and special funds	26,883	-	-	3,981	-	30,864
<b>Total</b>	<b>1,344,010</b>	<b>28,961</b>	<b>3,549</b>	<b>-</b>	<b>-</b>	<b>1,376,520</b>

	As at 1 January 2011	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2011
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2011</b>						
General equity	917,949	32,266	-	(5,473)	1,141	945,883
Asset revaluation reserve	399,547	-	1,027	-	(1,141)	399,433
Hedging reserve	(553)	-	364	-	-	(189)
Trust and special funds	21,410	-	-	5,473	-	26,883
<b>Total</b>	<b>1,338,353</b>	<b>32,266</b>	<b>1,391</b>	<b>-</b>	<b>-</b>	<b>1,372,010</b>

<b>University 2011</b>						
General equity	897,548	22,772	-	(5,473)	1,141	915,988
Asset revaluation reserve	401,434	-	1,027	-	(1,141)	401,320
Hedging reserve	(604)	-	423	-	-	(181)
Trust and special funds	21,410	-	-	5,473	-	26,883
<b>Total</b>	<b>1,319,788</b>	<b>22,772</b>	<b>1,450</b>	<b>-</b>	<b>-</b>	<b>1,344,010</b>

The accompanying Notes to the Financial Statements on pages 53 to 79 form part of and should be read in conjunction with these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies

### Basis of Preparation

#### Reporting Entity

The financial statements of The University of Auckland and its subsidiaries for the year ended 31 December 2012 were authorised for issue by the Council on 13 March 2013.

The University of Auckland was established by The University of Auckland Act 1961. The principal activities of the University and its subsidiaries are the provision of teaching and research services.

The central office of the University's management is located at Alfred Nathan House, 24 Princes St, Auckland, New Zealand.

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Section 203 of the Education Act 1989, which include the requirement to comply with generally accepted accounting practice in New Zealand.

The University of Auckland and its subsidiaries are designated as public benefit entities for financial reporting purposes.

#### Compliance with NZ IFRS

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

#### Historical Cost Convention

These financial statements have been prepared under the historical cost convention except the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, land and buildings, library special collections and works of art.

Works of art, library special collections and land and buildings are revalued every three years (unless there is evidence that suggests it should be done sooner in order to carry the assets at fair value) and are stated at revalued amount less impairment, if any, and subsequent accumulated depreciation on buildings.

#### Judgments and Estimations

In the application of NZ IFRS and the University's accounting policies management is required to make judgments, estimates and assumptions about the carrying value

of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimations that management has made in the process of applying the University's accounting policies and that have the most significant effects on the amounts recognised in these financial statements:

- The estimated useful lives of Property, Plant and Equipment and Intangible Assets.
- Whether the fair value of Property, Plant and Equipment has been impaired during the year.
- The rate of future salary increases and the discount rate used to present value future cashflows, which are used to calculate the employee entitlements liabilities.
- The value of Provisions detailed in note 17 and the appropriateness of their continued inclusion in the financial statements.
- The selection of the categories for reporting of Financial Assets and Liabilities within the financial statements.
- The discount rate used to present value future cashflows of non-interest bearing loans.
- The designation of certain assets as fair value through profit and loss where the group of financial assets is managed and its performance evaluated on a fair value basis in accordance with the University's Treasury Management Policy.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the University of Auckland and its subsidiaries. Consistent accounting policies are

employed in the preparation and presentation of the consolidated financial statements.

#### Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the statement of comprehensive income. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the parent entity's financial statements.

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

If the consolidated entity loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative foreign currency translation differences, recorded in reserves;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of comprehensive income;
- Reclassifies the University's share of components previously recognised in other comprehensive income to the statement of comprehensive income, or retained earnings, as appropriate.

#### Associates

Associates are entities over which the consolidated entity has significant influence and that are neither subsidiaries nor joint ventures. Generally the consolidated entity deems it has significant influence if it has 20% of the voting rights. The consolidated entity's investment in its associates is accounted for using the equity method less impairment.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies (continued)

### Investments

Investments are all entities over which the consolidated entity does not have significant influence, joint control, or control and that are neither a subsidiary nor an interest in a joint venture or associate, generally evidenced by holdings of less than 20% of the voting rights.

Unlisted investments are recognised at cost less impairment. All other investments are recognised in accordance with the 'Financial Assets' accounting policy below.

Non-controlling interests are allocated their share of net surplus in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Deficits are attributed to the non-controlling interest even if that results in a deficit balance.

### Transactions Eliminated on Consolidation

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

### The University of Auckland Foundation

The University of Auckland Foundation is a registered charitable trust that raises funds for a number of charitable purposes including achievement of knowledge and dissemination thereof by teaching and research, assisting students to pursue courses of study at The University of Auckland and general advancement of The University of Auckland. The University Council has received independent professional advice that the Foundation is a separate legal entity, is not under the control of The University of Auckland and determines its own financial and operating policies with the power to distribute funds to parties other than the University. Accordingly the University Council is of the view that it should not consolidate the Foundation, as to do so would overstate the financial position of the University and may give the misleading impression that the Foundation is in some way controlled by the University.

The University has not calculated the financial effect of a consolidation. The latest published financial position of the Foundation shows that it had net assets of \$89 million as at 31 December 2011. The financial statements of the Foundation for 2012 are not publicly available as they have not yet been approved by the Foundation's trustees.

### Foreign Currency Translation

#### Functional and Presentation Currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that operation ("functional currency").

Both the functional and presentation currency of the University and its subsidiaries is New Zealand dollars (\$).

#### Transactions and Balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated to New Zealand dollars at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at balance date are recognised in the statement of comprehensive income, except where cash flow hedge accounting is used and the resulting fair value movements on the forward exchange contracts are deferred in the hedging reserve.

### Revenue

#### Government Grants

Government grants are recognised as revenue upon completion of services for which the grant was made. Where obligations are attached to a government grant, a liability is recognised. Once the obligation is discharged, the government grant is recognised as revenue.

#### Tuition Fees

Tuition fees are recognised as revenue throughout the period of course completion.

#### Service Income

Service income is recognised as revenue throughout the period of delivery of the service.

#### Donations

Unrestricted donations are recognised as revenue upon entitlement.

Where the consolidated entity receives a donation with obligations, a liability is recognised. Once the obligation is discharged, the donation is recognised as revenue.

Donated assets are recognised at fair value.

#### Research and Contracts

Revenue from a contract to provide research services is recognised by reference to the stage of completion of the contract at balance date.

The stage of completion of a research contract is determined by the outputs achieved to balance date.

#### Revenue Received while Acting as an Agent

Where the consolidated entity collects money from contracts as an agent for a third party, the consolidated entity only recognises the commission received from the collections as revenue.

#### Sale of Goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

#### Dividend and Interest Revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time-proportionate basis using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is used to calculate the amortised cost of a financial asset and to allocate interest income over the relevant period.

#### Derivative Financial Instruments

The consolidated entity enters into foreign currency forward exchange contracts to manage foreign exchange risk on committed expenditure and highly probable forecast transactions denominated in foreign currencies.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies (continued)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are re-measured to their fair value at each reporting date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion or any derivative which is not designated as a hedge instrument is recognised immediately in the statement of comprehensive income.

Amounts deferred in equity are recycled into the statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative gains or losses deferred in equity at that time remains in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the statement of comprehensive income.

### Financial Assets

The consolidated entity holds financial assets in the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose of the financial asset and is determined at the time of initial recognition.

#### *Financial Assets at Fair Value through Profit or Loss*

The consolidated entity holds investments which have been designated as financial assets at fair value through profit or loss. These assets are stated at fair value. Fair value is determined in the manner described in Note 8. Any resultant gain or loss is recognised in the statement of comprehensive income and incorporates any dividend or interest earned on the financial asset.

The policy of the consolidated entity is to designate an asset as a financial asset at fair value through profit or loss if the asset is subject to frequent changes in fair value and the performance of the asset is evaluated by management on a fair value basis in accordance with investment policies.

#### *Loans and Receivables*

Loans and receivables include trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

#### *Impairment of Financial Assets*

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

Objective evidence of impairment could include:

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

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

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

Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

### Prepayments

Prepayments are initially recognised at cost and are evenly recognised in the statement of comprehensive income over the expected period of benefit.

### Inventories

Inventories are valued at the lower of cost and net realisable value. The weighted average method is used to determine cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### Research Work in Progress

Research grants which provide reciprocal benefits to the research funding provider can extend over balance dates. Research grants are usually subject to a contract for services which sets out the outputs expected and includes a payment schedule. Each research grant is recorded as a separate contract in the consolidated entity's financial records.

At balance date the aggregate balance of research projects for which research grant funding received exceeds costs incurred to date is recorded in the statement of financial position as a liability, being a future obligation to complete research.

At balance date the aggregate balance of research projects for which research grant funding received to date is less than costs incurred to date is recorded in the statement of financial position as an asset, Research Work in Progress, to be recovered in future periods from revenue from research funding providers.

### Property, Plant and Equipment

*Land and Buildings, Library Special Collections and Works of Art* are revalued to fair value at least every three years by an independent valuer. Fair value for land is determined on its highest and best use taking into consideration restrictions over the use of the land and the likelihood of re-zoning. For buildings, fair value reflects the depreciated replacement cost, and for works of art and library special collections, the assessed market value.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies (continued)

revaluation of land and buildings or works of art is charged as an expense in the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset class.

Depreciation on revalued buildings is charged to the statement of comprehensive income. On a sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to general equity. No transfer is made from the revaluation reserve to the retained earnings except when an asset is derecognised.

The consolidated entity applies the public benefit entity exemption to account for revaluations by class of asset.

All items of property, plant and equipment are initially recorded at cost, with the exception of donated assets, which are initially recorded at fair value.

Certain land in Crown title is included in property, plant and equipment. The University has unobstructed control of this land and derives substantial tangible benefits from its use. The University has sole and unrestricted use of buildings located on Crown land and has assumed ownership of these buildings. Although legal title has not been transferred, the University has assumed all the normal risks and rewards of ownership.

Library collection held as at 31 December 1991 was valued internally, based on the estimated volume of the collection and weighted average cost as at that date. This valuation is taken as deemed cost under NZ IFRS. Except for library special collections all subsequent acquisitions are recorded at cost less accumulated depreciation and impairment, if any. At balance date the library collection is carried at deemed cost less accumulated depreciation and impairment, if any. Library special collections is carried at assessed market value.

All permanent withdrawals from the collection are recorded at average cost less accumulated depreciation and impairment, if any.

*Plant and Equipment* are carried at cost less accumulated depreciation and impairment, if any.

*Leasehold Improvements* are carried at cost less accumulated depreciation and impairment, if any.

*Assets under construction* are carried at cost comprising expenditure incurred and certified Gross Progress Claim Certificates up to balance date less impairment, if any. Work in progress is not depreciated.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

### Depreciation

All items of property, plant and equipment other than freehold land, works of art, library special collections and work in progress are depreciated using the straight-line method at rates that will write off the cost or revalued amount of assets less their residual values, over their estimated remaining useful life. The depreciation rates used for each class of asset are:

Buildings	1 - 10%
Library collection - serials	20%
- other	12.5%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

### Intangible Assets

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Computer software that is not integral to the operation of hardware is capitalised as an intangible asset on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over estimated useful lives of 3 to 5 years on a straight line basis.

### Asset Impairment

The carrying amounts of tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment each reporting date or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the consolidated entity would, if deprived of the asset, replace its remaining future economic benefits. Where the economic benefits are deemed dependent on the assets ability to generate net cash inflows, value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. Value in use is calculated using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimated cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrement.

The consolidated entity applies the public benefit entity exemption to account for any impairment losses by class of asset for those items of property, plant and equipment subject to periodic revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies (continued)

does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increment.

### Employee Entitlements

Provision is made for the University's liability for general and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and the liabilities are capable of being measured reliably. Annual leave is calculated on an actual entitlement basis at the rates expected to apply at time of settlement. Sick leave, long service leave and retirement gratuities have been calculated on an actuarial basis which estimates the present value of amounts payable in respect of existing employees based on assumed rates of sickness, death, disablement, resignation, retirement and salary progression.

### Goods and Services Tax (GST)

GST is excluded from the financial statements except for Trade Receivables and Trade Payables which are stated inclusive of GST. The balance of GST payable to the Inland Revenue Department is included in Trade Payables.

The net GST paid to, or received from, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows

### Taxation

The University and its subsidiaries are exempt from the payment of income tax in New Zealand as it is treated by the Inland Revenue Department as a charitable organisation.

Net profits derived from operations of a branch of the consolidated entity are taxed at the tax rate under the laws of that country.

Current tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities of that country based on the current period's taxable income of the branch.

Deferred income tax is provided on all temporary differences, if any, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for

financial reporting purposes.

### Trust and Special Funds

The University has established Trust and Special Funds for specific purposes. The conditions for use of those funds are imposed by Council, deed of gift or by the terms of endowments and bequests. The balance of a fund is transferred to general equity when it is no longer required for a specific purpose.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Operating lease* rentals are recognised in equal instalments over the period of the lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Payments under finance leases are apportioned between finance charges and a reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income.

Assets held under finance leases are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

### University/subsidiaries as lessor

Where the consolidated entity is the lessor, assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

### Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. They are carried at amortised cost

and due to their short-term nature they are not discounted.

### Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 1 Statement of accounting policies (continued)

### Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

*Operating activities* are the principal revenue-producing activities of the consolidated entity and generally result from the transactions and other events that are integral to the determination of the net surplus. Operating activities include all transactions and other events that are not investing or financing activities.

*Investing activities* are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments include securities not falling within the definition of cash and cash equivalents.

*Financing activities* are those activities that result in changes to the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash and cash equivalents.

*Interest Paid* is classified as a financing cash flow and *Interest and Dividends Received* are classified as investing cash flows.

*Cash and Cash Equivalents* comprise cash on hand, cash in banks and investments in money market instruments and other short-term, highly liquid investments with original maturities of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents is stated net of outstanding bank overdrafts when the bank has full right of set-off against accounts which are in funds. Bank overdrafts, for which the bank has no right of set-off are shown within current liabilities in the statement of financial position.

### Budget Figures

The budget figures are those approved by Council before the beginning of the 2012 financial year. They have been prepared using the same accounting policies as those used in the preparation of these financial statements. The budget figures have not been audited.

### Changes in Accounting Policy

During the 2012 year the University drew down on interest-bearing borrowings for the first time and adopted an accounting policy to capitalise borrowing costs. As a result of electing to capitalise borrowing costs the

University is required to include borrowing costs as a component of Depreciated Replacement Cost (DRC) when using this valuation method for determining the fair value of assets. Previously the University has not included borrowing costs as a component of DRC to fair value assets and therefore this is a change in accounting policy.

The University estimates the change in the fair value of property, plant and equipment and the corresponding depreciation expense to be approximately \$3.22 million and \$0.10 million respectively, and has recorded this in the current year.

All other accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements.

Certain amounts in the financial statements and the accompanying notes have been reclassified to conform to current year's accounting practices.

### Standards issued not yet effective

The External Reporting Board has introduced a revised Accounting Standards Framework. The revised framework intends to introduce Public Benefit Accounting Standards comprising International Public Sector Accounting Standards, modified as appropriate for New Zealand circumstances.

The Financial Reporting Bill 2012 was introduced into parliament on 31 July 2012 and once enacted will bring the revised framework into law. This means the financial reporting requirements for public benefit entities are frozen in the short-term and that all NZ IFRS with a mandatory effective date for annual reporting commencing on or before 1 January 2012 are not applicable to public benefit entities except for NZ IFRS 9 Financial Instruments: Classification and Measurement, which has a mandatory effective date of 1 January 2015. Accordingly no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 2 Government grants

	Consolidated/University		
	2012 Actual \$000	2012 Budget \$000	2011 Actual \$000
Student component funding	286,307	286,360	278,738
Clinical Training Agency grants	4,014	3,204	3,670
Other Government grants	6,508	4,806	10,056
Performance Based Research Funding	73,076	74,609	77,061
<b>Total Government grants</b>	<b>369,905</b>	<b>368,979</b>	<b>369,525</b>

## 3 Research and contracts

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
External research income	140,499	143,385	101,585	97,585
Other research and contract income	88,925	82,172	7,825	10,434
<b>Total research and contracts</b>	<b>229,424</b>	<b>225,557</b>	<b>109,410</b>	<b>108,019</b>

## 4 People costs

	Consolidated			University	
	2012 Actual \$000	2012 Budget \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Academic salaries	261,483	265,824	250,702	243,417	230,149
Professional salaries	219,313	217,675	210,280	175,488	173,172
Defined contribution expense	15,775	15,171	14,791	15,775	14,791
Contracts for service	39,027	38,164	39,105	20,858	22,629
Other people costs	21,699	18,714	30,126	23,548	31,391
<b>Total people costs</b>	<b>557,297</b>	<b>555,548</b>	<b>545,004</b>	<b>479,086</b>	<b>472,132</b>

The consolidated entity and the University have termination benefits of \$2.64 million included in total people costs in the current year (2011: \$2.12 million).

# Notes to the Financial Statements

for the year ended 31 December 2012

## 5 Operating costs

	Consolidated			University	
	2012 Actual \$'000	2012 Budget \$'000	2011 Actual \$'000	2012 Actual \$'000	2011 Actual \$'000
Operating costs include the specific expenses:					
<b>Losses</b>					
Loss on disposal of property, plant and equipment	903	213	11,938	903	11,935
Net foreign currency loss / (gain)	(628)	-	(448)	(557)	(83)
<b>Conferences, travel and accommodation</b>	23,639	24,306	24,713	17,566	18,442
<b>Consumable supplies</b>	20,170	22,986	20,334	15,943	15,997
<b>Prizes and scholarships</b>	20,993	20,620	21,337	20,993	21,337
<b>Repairs and maintenance</b>	27,482	21,625	26,397	26,789	25,747
<b>Operating leases</b>					
Properties	9,548	8,303	9,225	7,616	7,963
Equipment	5,811	6,372	6,170	5,801	5,946
Motor vehicles	308	358	296	197	287
<b>Total operating lease costs</b>	<b>15,667</b>	<b>15,033</b>	<b>15,691</b>	<b>13,614</b>	<b>14,196</b>
<b>Auditor remuneration</b>					
Audit services	339	312	312	262	277
Other services - review engagement	-	-	11	-	11
Other services - assurance engagement	-	-	9	-	-
Other services - taxation engagement	12	-	-	-	-
<b>Total auditor's remuneration</b>	<b>351</b>	<b>312</b>	<b>333</b>	<b>262</b>	<b>288</b>

## 6 Depreciation and amortisation

	Consolidated			University	
	2012 Actual \$'000	2012 Budget \$'000	2011 Actual \$'000	2012 Actual \$'000	2011 Actual \$'000
<b>Depreciation</b>					
Buildings	43,678	47,064	38,644	43,655	38,621
Leasehold improvements	1,674	792	1,259	1,302	1,183
Library collection	16,497	16,516	16,900	16,497	16,900
Plant and equipment	28,843	30,722	27,095	27,728	26,185
<b>Total depreciation</b>	<b>90,692</b>	<b>95,094</b>	<b>83,898</b>	<b>89,182</b>	<b>82,889</b>
<b>Amortisation</b>					
Software	8,702	9,379	9,197	8,364	8,931
<b>Total depreciation and amortisation</b>	<b>99,394</b>	<b>104,473</b>	<b>93,095</b>	<b>97,546</b>	<b>91,820</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 7 Reconciliation of operating surplus and net cash flows from operating activities

	Consolidated			University	
	2012 Actual \$000	2012 Budget \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Net surplus for the year	29,094	28,268	32,266	28,961	22,772
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation	99,394	104,473	93,095	97,546	91,821
Donated assets	(271)	(1,356)	(3,808)	(985)	(5,648)
Foreign exchange fluctuation	(557)	-	(83)	(557)	(83)
Other non cash items	(1,524)	-	(4,662)	(1,528)	(4,684)
	97,042	103,117	84,542	94,476	81,406
<b>Changes in net assets and liabilities:</b>					
Decrease/(Increase) in receivables	(8,320)	(5,143)	(8,753)	(6,103)	(8,077)
Decrease/(Increase) in prepayments and other current assets	3,310	1,002	(2,143)	3,774	(2,120)
Decrease/(Increase) in inventories	82	-	(270)	(62)	(270)
Decrease/(Increase) in research work in progress	(987)	78	2,203	(238)	(39)
Increase/(Decrease) in payables and provisions	(6,011)	2,380	19,101	(14,529)	34,341
Increase/(Decrease) in employee entitlements	3,857	1,721	11,547	4,293	11,350
	(8,069)	38	21,685	(12,865)	35,185
<b>Add/(less) items classed as investing activities:</b>					
Interest income	(2,580)	(1,652)	(4,657)	(2,510)	(4,333)
Dividend income	(1,664)	-	(15,905)	-	-
Loss on disposal of property, plant and equipment	903	213	11,935	903	11,935
Movements relating to capital expenditure	5,812	1,624	172	16,076	(12,130)
	2,471	185	(8,455)	14,469	(4,528)
<b>Add/(less) items classed as financing activities:</b>					
Finance costs	293	1,063	-	2,260	1,393
<b>Net cash flow from operating activities</b>	<b>120,831</b>	<b>132,671</b>	<b>130,038</b>	<b>127,301</b>	<b>136,228</b>

## 8 Financial instruments

### Financial risk management practices

Exposure to credit, interest rate and currency risks arise in the normal course of the University's operations. To manage and limit the effects of those financial risks, the Council has approved policy guidelines and authorised the use of various financial instruments. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Currency risk

Currency risk arises from movements in foreign exchange rates and can impact cash flows. The University has exposure to currency risk from off shore transactions with suppliers. This exposure is mitigated through the use of forward foreign exchange contracts which are utilised in accordance with Treasury Management Policy. The following table details the forward foreign currency contracts outstanding as at reporting date. All hedges are effective hedges and match both the timing and amount of cash flows for the hedged items.

## Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

## Cash flow hedges

	Consolidated							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2012	2011	2012 FC'000	2011 FC'000	2012 NZ\$000	2011 NZ\$000	2012 NZ\$000	2011 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8199	0.8390	3,648	1,300	4,449	1,549	(37)	132
6 to 12 months	0.8253	0.7720	750	1,900	909	2,461	9	25
<b>Buy Australian Dollars</b>								
Less than 6 months	0.7931	0.8059	636	50	802	62	(6)	3
6 to 12 months	0.7978	-	300	-	376	-	(1)	-
12 to 24 months	0.7980	-	60	-	75	-	-	-
<b>Buy British Pounds</b>								
Less than 6 months	-	0.4976	-	400	-	804	-	(4)
<b>Buy Euros</b>								
Less than 6 months	0.6426	0.5352	951	1,596	1,480	2,982	36	(318)
<b>Sell US Dollars</b>								
Less than 6 months	0.8008	0.7915	3,232	1,876	4,036	2,370	111	(55)
6 to 12 months	0.7711	0.7728	1,059	773	1,374	1,000	74	(9)
12 to 24 months	0.7599	0.7582	1,669	910	2,196	1,200	106	(12)
24 to 36 months	0.7451	0.7389	648	913	869	1,236	34	42
36 to 48 months	0.7474	0.7121	176	248	235	349	3	-
<b>Sell Australian Dollars</b>								
Less than 6 months	0.7843	0.7481	820	48	1,045	64	16	1
6 to 12 months	0.7878	-	331	-	420	-	5	-
12 to 24 months	0.7923	-	899	-	1,134	-	5	-
<b>Sell Japanese Yen</b>								
Less than 6 months	-	64.9351	-	8,795	-	135	-	(12)
<b>Sell Euros</b>								
Less than 6 months	0.5969	-	18	-	29	-	1	-
6 to 12 months	0.5927	-	35	-	59	-	2	-
12 to 24 months	0.5882	-	18	-	30	-	1	-
<b>Sell Singapore Dollars</b>								
Less than 6 months	0.9697	0.9509	667	95	688	100	27	5
6 to 12 months	-	0.9718	-	587	-	604	-	8
12 to 24 months	0.9276	0.9556	41	116	44	122	4	2
24 to 36 months	-	0.9276	-	41	-	44	-	3
					<b>20,250</b>	<b>15,082</b>	<b>390</b>	<b>(189)</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

As at the reporting date the consolidated entity had aggregate unrealised gains under forward exchange contracts in relation to anticipated future transactions of \$0.390 million (2011: unrealised losses of \$0.189million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

	University							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2012	2011	2012 FC'000	2011 FC'000	2012 NZ\$000	2011 NZ\$000	2012 NZ\$000	2011 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8199	0.8390	3,648	1,300	4,449	1,549	(37)	132
6 to 12 months	0.8253	0.7720	750	1,900	909	2,461	9	25
<b>Buy Australian Dollars</b>								
Less than 6 months	0.7881	0.8059	276	50	350	62	(5)	3
<b>Buy British Pounds</b>								
Less than 6 months	-	0.4976	-	400	-	804	-	(4)
<b>Buy Euros</b>								
Less than 6 months	0.6426	0.5352	951	1,596	1,480	2,982	36	(318)
<b>Sell US Dollars</b>								
Less than 6 months	0.8009	0.7832	294	179	367	229	10	(2)
6 to 12 months	0.7665	0.7779	526	358	686	460	41	(7)
12 to 24 months	0.7677	0.7575	1,103	410	1,437	541	55	(7)
24 to 36 months	0.7451	0.7345	648	413	869	563	34	(3)
36 to 48 months	0.7474	0.7121	176	248	235	349	3	
					<b>10,782</b>	<b>10,000</b>	<b>146</b>	<b>(181)</b>

As at reporting date the University had aggregate unrealised gains under forward exchange contracts in relation to anticipated future transactions of \$0.146 million (2011: unrealised losses of \$0.181 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

The consolidated entity and the University have entered into a number of contracts to purchase capital assets and other items priced in foreign currencies.

The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2012 the aggregate amount of unrealised losses under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.005 million (2011: unrealised losses of \$0.275 million).

The consolidated entity and the University have an active programme of acquiring library books and continued access to electronic databases at costs expressed in foreign currency. The consolidated entity and the University have entered into forward exchange contracts for terms not exceeding 12 months to hedge the exchange risk arising from these anticipated future transactions.

As at 31 December 2012 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these future anticipated transactions is \$0.006 million (2011: unrealised gains of \$0.086million).

The consolidated entity and the University have entered into a number of contracts to undertake research priced in foreign currencies. The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2012 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.389 million (2011: unrealised gains of \$0.008 million).

# Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

### Interest Rate Risk

The consolidated entity and the University receive interest income on surplus funds invested for periods from overnight up to 12 months at rates fixed for the term of each individual investment. The consolidated entity and the University invests surplus funds to meet future cash requirements. Investments are made to maximise interest income consistent with having funds available to meet commitments and Treasury Policy guidelines.

The University's interest rate risk on loan facilities is managed through the use of products from approved counter parties in accordance with the University's Treasury Policy.

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2012:

	Consolidated			Total \$000
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5years \$000	
<b>Financial assets/ (liabilities)</b>				
Loan facility (revolving credit)	-	-	(42,000)	(42,000)
Cash and cash equivalents	20,518	-	-	20,518
Short term bank deposits	-	24,426	-	24,426
<b>Total financial instruments – consolidated entity</b>	<b>20,518</b>	<b>24,426</b>	<b>(42,000)</b>	<b>2,944</b>

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2011:

	Consolidated			Total \$000
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5years \$000	
<b>Financial assets</b>				
Cash and cash equivalents	9,929	-	-	9,929
Short term bank deposits	-	3,410	-	3,410
<b>Total financial instruments – consolidated entity</b>	<b>9,929</b>	<b>3,410</b>	<b>-</b>	<b>13,339</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

The following table details the University's exposure to interest rate risk as at 31 December 2012:

	University			Total \$000
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5 years \$000	
<b>Financial assets/ (liabilities)</b>				
Loan Facility (Revolving Credit)	-	-	(42,000)	(42,000)
Loan from subsidiary	(40,000)	-	-	(40,000)
Cash and cash equivalents	10,996	-	-	10,996
Short term bank deposits	-	24,351	-	24,351
<b>Total financial instruments – University</b>	<b>(29,004)</b>	<b>24,351</b>	<b>(42,000)</b>	<b>(46,653)</b>

The following table details the University's exposure to interest rate risk as at 31 December 2011:

	University			Total \$000
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5 years \$000	
<b>Financial assets/ (liabilities)</b>				
Loan from subsidiary	(49,978)	-	-	(49,978)
Cash and cash equivalents	6,147	-	-	6,147
Short term bank deposits	-	3,392	-	3,392
<b>Total financial instruments – University</b>	<b>(43,831)</b>	<b>3,392</b>	<b>-</b>	<b>(40,439)</b>

### Fair values of financial assets and liabilities

The University and consolidated entity uses various valuation methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in active markets

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The fair value of the financial instruments as well as the methods used to estimate fair value are summarised in the tables on the next page.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

	Quoted market price  (Level 1)  \$000	Valuation technique – market observable inputs  (Level 2)  \$000	Valuation technique – non-market observable inputs  (Level 3)  \$000	Total    \$000
<b>Consolidated entity</b>				
<b>2012</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,220	4,801	-	8,021
Externally managed bonds and cash portfolio	-	7,855	-	7,855
Derivative financial instruments - foreign exchange contracts	-	390	-	390
	<b>3,220</b>	<b>13,046</b>	<b>-</b>	<b>16,266</b>
<b>2011</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,130	4,665	-	7,795
Externally managed bonds and cash portfolio	-	7,640	-	7,640
	<b>3,130</b>	<b>12,305</b>	<b>-</b>	<b>15,435</b>
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts	-	(189)	-	(189)
	<b>-</b>	<b>(189)</b>	<b>-</b>	<b>(189)</b>
<b>University</b>				
<b>2012</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,220	4,801	-	8,021
Externally managed bonds and cash portfolio	-	7,855	-	7,855
Derivative financial instruments - foreign exchange contracts	-	146	-	146
	<b>3,220</b>	<b>12,802</b>	<b>-</b>	<b>16,022</b>
<b>2011</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,130	4,665	-	7,795
Externally managed bonds and cash portfolio	-	7,640	-	7,640
	<b>3,130</b>	<b>12,305</b>	<b>-</b>	<b>15,435</b>
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts	-	(181)	-	(181)
	<b>-</b>	<b>(181)</b>	<b>-</b>	<b>(181)</b>

Quoted market prices represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the University and the consolidated entity uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include foreign exchange contracts not traded on a recognised exchange.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 8 Financial instruments (continued)

### Interest Rate Sensitivity

For the year ended 31 December 2012 if interest rates on cash and cash equivalents, loans and investments had fluctuated up or down by 100 basis points, the surplus for the consolidated entity would have been \$0.317 million higher/lower (2011: \$0.133 million higher/lower). For the University the surplus would have been \$0.813 million higher/lower (2011 \$0.404 million higher/lower).

The sensitivity analysis has been calculated by applying the sensitivity factor of 100 basis points to the financial instruments held at balance date.

### Credit Risk

Credit risk is the risk of the failure of a debtor or counter party to honour its contractual obligation.

Financial assets, which potentially subject the University to concentrations of credit risk, consist of cash and cash equivalents, short term investments, loans to subsidiaries, receivables and derivative financial instruments. The maximum credit risk as at 31 December 2012 is the gross amount of the financial assets less impairment. The University manages this risk by placing cash and cash equivalents, short term investments and derivative financial instruments with institutions which have a high credit rating and by limiting the amount that can be invested in any one institution.

There is no concentration of credit risk in Trade Receivables due to the relatively low value of individual amounts due.

### Capital and liquidity risk management

The University and its subsidiaries manage their funds so as to ensure all entities will be able to continue as going concerns. The capital structure of the consolidated entity consists of general equity, reserves and trust and special funds as disclosed in Notes 22, 23, 24 respectively. The consolidated entity does not have any share capital on issue. The University manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The University has an unsecured Fluctuating Committed Cash Advance Facility with a maximum limit of \$210 million (2011: \$210 million), and an expiry date of 30 June 2014. As at 31 December 2012, the University had drawn down \$42 million against this facility (2011: Nil).

## 9 Receivables

	Note	Consolidated		University	
		2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Trade receivables		53,420	47,403	35,257	29,410
Less provision for receivables impairment		(691)	(1,040)	(370)	(394)
Net receivables		52,729	46,363	34,887	29,016
Related company receivables	26	-	-	4,821	6,543
<b>Total receivables</b>		<b>52,729</b>	<b>46,363</b>	<b>39,708</b>	<b>35,559</b>

### Movements of the provision for doubtful debts are as follows

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Balance at 1 January	1,040	1,240	394	662
Charge for the year	432	426	378	30
Amounts written off (included in operating costs)	(643)	(523)	(264)	(194)
Unused amounts reversed	(138)	(103)	(138)	(104)
<b>Balance at 31 December</b>	<b>691</b>	<b>1,040</b>	<b>370</b>	<b>394</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 9 Receivables (continued)

### Aging analysis of trade receivables

The aging analysis of trade receivables is as follows:

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Current	39,270	38,270	34,422	31,813
31 to 60 days – past due not impaired	5,661	3,168	1,107	1,175
61 to 90 days – past due not impaired	2,654	1,771	603	850
61 to 90 days – considered impaired	20	19	20	19
91 days and over – past due not impaired	5,144	3,154	3,576	1,721
91 days and over – considered impaired	671	1,021	350	375
<b>Trade receivables gross of impairment provision</b>	<b>53,420</b>	<b>47,403</b>	<b>40,078</b>	<b>35,953</b>
Receivables past due but not considered impaired are:	13,459	8,093	5,286	3,746

Payment terms on receivables past due but not considered impaired have not been re-negotiated, however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

## 10 Inventories

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Raw materials	46	41	46	41
Work in progress	2	3	2	3
Finished goods	1,601	938	996	938
<b>Total inventories</b>	<b>1,649</b>	<b>982</b>	<b>1,044</b>	<b>982</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 11 Property, plant and equipment

	Consolidated							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection at valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount</b>								
Balance as at 1 January 2011	254,234	851,105	22,717	251,916	15,731	294,112	143,574	1,833,389
Additions	13,612	2,236	2,643	15,402	131	30,038	157,300	221,362
Disposals	-	(13,042)	(21)	(2,181)	-	(7,191)	-	(22,435)
Transfers	-	129,830	-	-	-	26	(129,856)	-
Net revaluation increments	-	-	-	-	1,027	-	-	1,027
<b>Balance as at 1 January 2012</b>	<b>267,846</b>	<b>970,129</b>	<b>25,339</b>	<b>265,137</b>	<b>16,889</b>	<b>316,985</b>	<b>171,018</b>	<b>2,033,343</b>
Additions	1,299	50	1,088	15,110	546	35,558	69,135	122,786
Disposals	-	(496)	-	(1,577)	-	(8,294)	-	(10,367)
Transfers	-	185,164	647	-	-	522	(186,333)	-
Net revaluation increments	-	3,220	-	-	-	-	-	3,220
<b>Balance as at 31 December 2012</b>	<b>269,145</b>	<b>1,158,067</b>	<b>27,074</b>	<b>278,670</b>	<b>17,435</b>	<b>344,771</b>	<b>53,820</b>	<b>2,148,982</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2011	-	1,851	17,613	185,690	-	195,505	-	400,659
Disposals	-	(1,366)	(21)	(1,813)	-	(5,902)	-	(9,102)
Depreciation expense	-	38,644	1,259	16,900	-	27,095	-	83,898
<b>Balance as at 1 January 2012</b>	<b>-</b>	<b>39,129</b>	<b>18,851</b>	<b>200,777</b>	<b>-</b>	<b>216,698</b>	<b>-</b>	<b>475,455</b>
Disposals	-	(72)	-	(1,316)	-	(5,791)	-	(7,179)
Depreciation expense	-	43,678	1,674	16,497	-	28,843	-	90,692
<b>Balance as at 31 December 2012</b>	<b>-</b>	<b>82,735</b>	<b>20,525</b>	<b>215,958</b>	<b>-</b>	<b>239,750</b>	<b>-</b>	<b>558,968</b>
<b>Net book value</b>								
<b>As at 1 January 2011</b>	<b>254,234</b>	<b>849,254</b>	<b>5,104</b>	<b>66,226</b>	<b>15,731</b>	<b>98,607</b>	<b>143,574</b>	<b>1,432,730</b>
<b>As at 31 December 2011</b>	<b>267,846</b>	<b>931,000</b>	<b>6,488</b>	<b>64,360</b>	<b>16,889</b>	<b>100,287</b>	<b>171,018</b>	<b>1,557,888</b>
<b>As at 31 December 2012</b>	<b>269,145</b>	<b>1,075,332</b>	<b>6,549</b>	<b>62,712</b>	<b>17,435</b>	<b>105,021</b>	<b>53,820</b>	<b>1,590,014</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

**11 Property, plant and equipment (continued)**

	University							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount</b>								
Balance as at 1 January 2011	<b>253,484</b>	<b>850,813</b>	<b>20,958</b>	<b>251,916</b>	<b>15,731</b>	<b>284,327</b>	<b>143,574</b>	<b>1,820,803</b>
Additions	13,612	2,236	1,846	15,402	131	29,540	156,523	219,290
Disposals	-	(13,042)	(18)	(2,181)	-	(6,323)	-	(21,564)
Transfers	-	129,830	-	-	-	26	(129,856)	-
Net revaluation increments	-	-	-	-	1,027	-	-	1,027
<b>Balance as at 1 January 2012</b>	<b>267,096</b>	<b>969,837</b>	<b>22,786</b>	<b>265,137</b>	<b>16,889</b>	<b>307,570</b>	<b>170,241</b>	<b>2,019,556</b>
Additions	1,299	50	97	15,110	546	34,798	69,899	121,799
Disposals	-	(496)	-	(1,577)	-	(8,294)	-	(10,367)
Transfers	-	185,164	634	-	-	522	(186,320)	-
Net revaluation increments	-	3,220	-	-	-	-	-	3,220
<b>Balance as at 31 December 2012</b>	<b>268,395</b>	<b>1,157,775</b>	<b>23,517</b>	<b>278,670</b>	<b>17,435</b>	<b>334,596</b>	<b>53,820</b>	<b>2,134,208</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2011	-	<b>1,851</b>	<b>16,376</b>	<b>185,690</b>	-	<b>191,107</b>	-	<b>395,024</b>
Disposals	-	(1,366)	(18)	(1,813)	-	(5,038)	-	(8,235)
Depreciation expense	-	38,621	1,183	16,900	-	26,185	-	82,889
<b>Balance as at 1 January 2012</b>	-	<b>39,106</b>	<b>17,541</b>	<b>200,777</b>	-	<b>212,254</b>	-	<b>469,678</b>
Disposals	-	(72)	-	(1,316)	-	(5,791)	-	(7,179)
Depreciation expense	-	43,655	1,302	16,497	-	27,728	-	89,182
<b>Balance as at 31 December 2012</b>	-	<b>82,689</b>	<b>18,843</b>	<b>215,958</b>	-	<b>234,191</b>	-	<b>551,681</b>
<b>Net book value</b>								
<b>As at 1 January 2011</b>	<b>253,484</b>	<b>848,962</b>	<b>4,582</b>	<b>66,226</b>	<b>15,731</b>	<b>93,220</b>	<b>143,574</b>	<b>1,425,779</b>
<b>As at 31 December 2011</b>	<b>267,096</b>	<b>930,731</b>	<b>5,245</b>	<b>64,360</b>	<b>16,889</b>	<b>95,316</b>	<b>170,241</b>	<b>1,549,878</b>
<b>As at 31 December 2012</b>	<b>268,395</b>	<b>1,075,086</b>	<b>4,674</b>	<b>62,712</b>	<b>17,435</b>	<b>100,405</b>	<b>53,820</b>	<b>1,582,527</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 11 Property, plant and equipment (continued)

University land in crown title with a value of \$152.5 million (2011: \$152.5 million) is included in property, plant and equipment. Further details about Crown land have been outlined in the accounting policies.

Works of Art held by the University are independently valued by ART+OBJECT. The valuation basis is assessed at market value. The most recent valuation was effective 31 December 2011.

The consolidated entity engages Darroch Limited, an accredited independent valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the consolidated entity, and to market based yields for comparable properties. The most recent valuation was effective 31 December 2010.

## 12 Intangible assets

	Consolidated			University		
	Software at cost \$000	Capital work in progress at cost \$000	Total \$000	Software at cost \$000	Capital work in progress at cost \$000	Total \$000
<b>Gross carrying amount</b>						
Balance as at 1 January 2011	<b>54,648</b>	<b>3,288</b>	<b>57,936</b>	<b>51,548</b>	<b>3,288</b>	<b>54,836</b>
Additions	600	8,332	8,932	584	7,984	8,568
Disposals	(2,610)	-	(2,610)	(900)	-	(900)
Transfers	6,397	(6,397)	-	6,049	(6,049)	-
<b>Balance as at 1 January 2012</b>	<b>59,035</b>	<b>5,223</b>	<b>64,258</b>	<b>57,281</b>	<b>5,223</b>	<b>62,504</b>
Additions	1,215	7,716	8,931	1,189	7,716	8,905
Disposals	(308)	-	(308)	(308)	-	(308)
Transfers	7,580	(7,580)	-	7,580	(7,580)	-
<b>Balance as at 31 December 2012</b>	<b>67,522</b>	<b>5,359</b>	<b>72,881</b>	<b>65,742</b>	<b>5,359</b>	<b>71,101</b>
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 January 2011	<b>34,191</b>	-	<b>34,191</b>	<b>32,293</b>	-	<b>32,293</b>
Disposals	(2,571)	-	(2,571)	(860)	-	(860)
Amortisation expense	9,197	-	9,197	8,931	-	8,931
<b>Balance as at 1 January 2012</b>	<b>40,817</b>	-	<b>40,817</b>	<b>40,364</b>	-	<b>40,364</b>
Disposals	(301)	-	(301)	(301)	-	(301)
Amortisation expense	8,702	-	8,702	8,364	-	8,364
<b>Balance as at 31 December 2012</b>	<b>49,218</b>	-	<b>49,218</b>	<b>48,427</b>	-	<b>48,427</b>
<b>Net book value</b>						
<b>As at 1 January 2011</b>	<b>20,457</b>	<b>3,288</b>	<b>23,745</b>	<b>19,255</b>	<b>3,288</b>	<b>22,543</b>
<b>As at 31 December 2011</b>	<b>18,218</b>	<b>5,223</b>	<b>23,441</b>	<b>16,917</b>	<b>5,223</b>	<b>22,140</b>
<b>As at 31 December 2012</b>	<b>18,304</b>	<b>5,359</b>	<b>23,663</b>	<b>17,315</b>	<b>5,359</b>	<b>22,674</b>

Aggregate amortisation expensed during the year is recognised as an expense and disclosed in note 6 to the financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 13 Payables

	Note	Consolidated		University	
		2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Trade payables		105,460	117,677	89,655	97,222
Related company payables	26	-	-	1,676	1,430
<b>Total payables</b>		<b>105,460</b>	<b>117,677</b>	<b>91,331</b>	<b>98,652</b>

## 14 Revenue in advance

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
<b>Current liabilities</b>				
Revenue received in advance*	38,479	26,369	38,479	26,369
Research contracts obligations	63,155	64,077	32,501	36,594
<b>Revenue in advance – current</b>	<b>101,634</b>	<b>90,446</b>	<b>70,980</b>	<b>62,963</b>
<b>Non current liabilities</b>				
Revenue received in advance*	12,000	17,000	12,000	17,000
<b>Revenue in advance – non current</b>	<b>12,000</b>	<b>17,000</b>	<b>12,000</b>	<b>17,000</b>

\*As at 31 December 2012 the consolidated entity had \$12m of Partnerships for Excellence funding classified as non current liabilities (2011: \$17m) and \$3.5m of Partnerships for Excellence funding classed as current liabilities (2011: Nil).

The Partnerships for Excellence funding from the Crown is in the form of suspensory loans. The loans are to be forgiven when key milestones have been achieved. The income is to be recognised when the milestones have been met and the loans are forgiven. During the year the University met key milestones that resulted in \$1.5 million of loans being forgiven (2011: \$5 million). The income is included in Government Grants in the statement of comprehensive income.

If certain key contractual milestones are not met, up to \$3.5 million is repayable on 31 May 2013, up to \$12 million is repayable on 30 June 2015.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 15 Income tax

The University and its subsidiaries are exempt from the payment of income tax in New Zealand as they are treated as charitable organisations by the Inland Revenue Department.

Income tax payable by the consolidated entity relates to net profits derived from a branch of a subsidiary operating in the Kingdom of Saudi Arabia being taxed at the rate under the laws of that country.

The major components of income tax expense are:

### Statement of comprehensive income

#### Current Income tax

Current income tax charge

Adjustments in respect of current income tax of previous years

#### Deferred income tax

Relating to origination and reversal of temporary differences

Income tax expense reported in net surplus

Consolidated		
	2012 \$000	2011 \$000
Current income tax charge	268	-
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax	-	-
Income tax expense reported in net surplus	<b>268</b>	-

Reconciliation between income tax expense recognised in net surplus as calculated per the statutory income tax rate:

Accounting surplus before tax

Less: Surplus generated in New Zealand operations

Surplus generated in Kingdom of Saudi Arabia branch operations

At the branch statutory income tax rate of 20%

Income tax expense reported in net surplus

Consolidated		
	2012 \$000	2011 \$000
Accounting surplus before tax	29,362	32,266
Less: Surplus generated in New Zealand operations	28,020	32,266
Surplus generated in Kingdom of Saudi Arabia branch operations	1,342	-
At the branch statutory income tax rate of 20%	268	-
Income tax expense reported in net surplus	<b>268</b>	-

## 16 Employee entitlements

### Current liabilities

Accumulated annual leave

Retirement allowance

Long service leave

**Total employee entitlements – current**

### Non current liabilities

Sick leave

Retirement allowance

Long service leave

**Total employee entitlements – non current**

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Accumulated annual leave	23,104	22,676	20,879	20,036
Retirement allowance	12,895	11,569	12,895	11,569
Long service leave	468	484	468	484
<b>Total employee entitlements – current</b>	<b>36,467</b>	<b>34,729</b>	<b>34,242</b>	<b>32,089</b>
Sick leave	506	516	471	462
Retirement allowance	40,858	38,907	40,858	38,907
Long service leave	1,948	1,769	1,948	1,769
<b>Total employee entitlements – non current</b>	<b>43,312</b>	<b>41,192</b>	<b>43,277</b>	<b>41,138</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 17 Provisions

	Consolidated/University		
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Total 2012 Actual \$000
<b>2012</b>			
Balance at beginning of financial year	-	63	63
Amounts incurred against provision	-	(63)	(63)
<b>Balance at end of financial year</b>	-	-	-

	Consolidated/University		
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Total 2011 Actual \$000
<b>2011</b>			
Balance at beginning of financial year	392	685	1,077
Amounts incurred against provision	(392)	(622)	(1,014)
<b>Balance at end of financial year</b>	-	<b>63</b>	<b>63</b>

### Faculty Research Development Fund

The fund is to enable Faculty Research Committees to fund specific research activities.

### Vice-Chancellor's Strategic Development Fund

The fund is to enable the Vice-Chancellor to meet agreed strategic development opportunities that arise during the course of the year and which require immediate funding. These costs are expected to be incurred in the next financial year.

## 18 Loans and borrowings

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
<b>Current liabilities</b>				
Non interest bearing loan	620	620	620	620
Interest bearing loan from subsidiary	-	-	40,000	49,979
<b>Total loans and borrowings - current</b>	<b>620</b>	<b>620</b>	<b>40,620</b>	<b>50,599</b>
<b>Non current liabilities</b>				
Non interest bearing loan	4,222	4,583	4,222	4,583
Interest bearing bank loans	42,000	-	42,000	-
<b>Total loans and borrowings - non current</b>	<b>46,222</b>	<b>4,583</b>	<b>46,222</b>	<b>4,583</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 18 Loans and borrowings (continued)

### Non interest bearing loan

On 30 June 2011 the University acquired a winery, which included property, plant and equipment, from the K & J Goldwater Family Trust. Consideration for the acquisition was made in the three parts being a cash payment, a gift by way of reduction in the purchase price and an interest free loan with a term of 10 years. The non interest bearing loans above represent the fair value of the current and non current portions of this loan with an average effective interest rate of 3.2% (2011:3.8%).

### Interest bearing loan from subsidiary

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan is on demand and the University pays a rate of interest equivalent to the return on the University's investments for each month.

### Fair values

The carrying amount of current and non-current loans and borrowings approximate their fair value. The fair value has been calculated by discounting the expected future cash flows at prevailing market interest rates ranging from 3.1% to 4.4% (2011:3.2% to 5.6%).

### Assets pledged as security

All loans and borrowings are unsecured so there are no assets pledged as security.

### Defaults and breaches

During the current and prior years there were no defaults or breaches on any of the loans or borrowings.

### Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 8.

## 19 Leases

### Operating lease commitments

The University and its subsidiaries lease various offices, premises, motor vehicles and equipment under non-cancellable operating leases. The leases have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
<b>Non-cancellable operating leases</b>				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	22,305	17,443	20,434	15,964
Later than 1 year and not later than 5 years	72,962	43,161	66,967	37,601
Later than 5 years	74,395	7,576	74,395	7,576
<b>Total operating lease commitments</b>	<b>169,662</b>	<b>68,180</b>	<b>161,796</b>	<b>61,141</b>
<b>Operating lease commitments by type</b>				
Properties	160,891	59,044	153,100	52,107
Motor Vehicles	305	226	238	142
Equipment	8,466	8,910	8,458	8,892
<b>Total operating lease commitments by type</b>	<b>169,662</b>	<b>68,180</b>	<b>161,796</b>	<b>61,141</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 19 Leases (continued)

### Operating lease receivables

Operating leases relate to property held by the University that is leased to external parties to provide additional services to students. The properties are not investment properties because they are either held by the University, as a public-benefit entity, for strategic purposes or to meet its service delivery objectives where rental revenue derived is incidental to the purpose of holding the property. The lease terms range from 1 to 21 years. All operating lease contracts contain market review clauses in the event the entity exercises its option to renew. There is no option to purchase the property at the expiry of the lease period.

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Within 1 year	2,478	1,766	4,037	2,510
Later than 1 year and not later than 5 years	3,733	1,237	8,818	4,214
Later than 5 years	558	855	558	855
<b>Total operating lease receivables</b>	<b>6,769</b>	<b>3,858</b>	<b>13,413</b>	<b>7,579</b>

## 20 Capital commitments

Capital expenditures contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated/University	
	2012 Actual \$000	2011 Actual \$000
Property Services projects	33,257	36,782
Other capital expenditure	621	2,623
<b>Total capital commitments</b>	<b>33,878</b>	<b>39,405</b>

## 21 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2012 (2011: Nil).

## 22 General equity

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Balance at beginning of financial year	945,883	917,949	915,988	897,548
Net surplus	29,094	32,266	28,961	22,772
Transferred in from revaluation reserve	20	1,141	20	1,141
Less net (surplus)/deficit transferred (to)/from trust and special funds	(3,981)	(5,473)	(3,981)	(5,473)
<b>Balance at end of financial year</b>	<b>971,016</b>	<b>945,883</b>	<b>940,988</b>	<b>915,988</b>

The University and consolidated entity do not have any share capital on issue.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 23 Reserves

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
Asset revaluation	402,635	399,433	404,522	401,320
Cash flow hedge	390	(189)	146	(181)
<b>Balance at end of financial year</b>	<b>403,025</b>	<b>399,244</b>	<b>404,668</b>	<b>401,139</b>
<b>Asset revaluation reserve</b>				
<b>Land and buildings</b>				
Balance at beginning of financial year	384,156	385,297	386,043	387,184
Transferred to general equity	(20)	(1,141)	(20)	(1,141)
Revaluation increments/(decrements)	3,222	-	3,222	-
<b>Balance at end of financial year</b>	<b>387,358</b>	<b>384,156</b>	<b>389,245</b>	<b>386,043</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	15,277	14,250	15,277	14,250
Revaluation increments/(decrements)	-	1,027	-	1,027
<b>Balance at end of financial year</b>	<b>15,277</b>	<b>15,277</b>	<b>15,277</b>	<b>15,277</b>
<b>Total asset revaluation reserve</b>	<b>402,635</b>	<b>399,433</b>	<b>404,522</b>	<b>401,320</b>

Land, Buildings, Works of Art and Library Special Collections are re-valued to fair value every three years, as determined by an independent valuer. The latest revaluation was carried out in 2010 for land and buildings and Library Special Collections, and in 2011 for Works of Art.

The asset revaluation reserve arises on the revaluation of land and buildings and works of art and special library collections. Where a revalued land or building or work of art or an item from the special library collections is sold or disposed of, that portion of the asset revaluation reserve which relates to that asset is transferred directly to general equity.

	Consolidated		University	
	2012 Actual \$000	2011 Actual \$000	2012 Actual \$000	2011 Actual \$000
<b>Hedging reserve</b>				
Balance at beginning of financial year	(189)	(553)	(181)	(604)
Gain/(loss) recognised	625	579	625	579
Transferred to initial carrying amount of hedged item	(46)	(215)	(298)	(156)
<b>Balance at the end of financial year</b>	<b>390</b>	<b>(189)</b>	<b>146</b>	<b>(181)</b>

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges in relation to forward exchange contracts. The cumulative deferred gain or loss on the hedge is recognised in the statement of comprehensive income when the hedged transaction impacts the statement of comprehensive income, or is included as a basis adjustment to the non-financial hedged item, as per the University's hedging policy.

# Notes to the Financial Statements

for the year ended 31 December 2012

## 24 Trust and special funds

	Consolidated/University			Total \$000
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	
<b>2012</b>				
Balance at beginning of financial year	1,779	13,246	11,858	26,883
Income	1,647	4,191	690	6,528
Less expenditure	1,632	485	430	2,547
Net surplus (deficit)	15	3,706	260	3,981
<b>Balance at end of financial year</b>	<b>1,794</b>	<b>16,952</b>	<b>12,118</b>	<b>30,864</b>
<b>2011</b>				
Balance at beginning of financial year	1,791	7,964	11,655	21,410
Income	1,415	9,851	628	11,894
Less expenditure	(1,427)	(4,569)	(425)	(6,421)
Net surplus (deficit)	(12)	5,282	203	5,473
<b>Balance at end of financial year</b>	<b>1,779</b>	<b>13,246</b>	<b>11,858</b>	<b>26,883</b>

The University has established Trust and Special Funds for specific purposes. The conditions for use of these funds are imposed by Council, deed of gift or by the terms of endowments and bequests.

The income and expenditure items presented above are included in the statement of comprehensive income and are presented above for information purposes.

## 25 Investments

### Investment in subsidiaries

The consolidated financial statements include the financial statements of The University of Auckland, the ultimate parent of the consolidated entity, and its subsidiary Auckland UniServices Limited.

Investment in subsidiaries of \$1 million (2011: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2011:100%). The principal activity of Auckland UniServices Limited is commercial research, it is incorporated in New Zealand, and it has a 31 December balance date.

Auckland UniServices Limited has a 100% interest in each of its two subsidiaries: Kumano Limited (2011:100%) and Auckland UniServices (HK) Limited (2011: Nil). Both of these subsidiaries were non-trading at year-end and the value of each shareholding is \$1.00 (2011: \$1.00).

### Investment in associates

The consolidated entity has the following investments in associates through ordinary shares held by Auckland UniServices Limited:

	Consolidated			
	Percentage of holding		Holding Value of Shares	
	2012 %	2011 %	2012 \$	2011 \$
DNA Diagnostics Limited	50.00	50.00		
Ebonz Limited*	29.40	29.40		1
Engender Technologies Limited*	43.00	43.00	1	
Halo Inductive Power Technologies Limited*	54.00	54.00	1	1
Number One Development Limited*	47.50	0.00	1	
Bloktech Systems Limited (Previously Intellicontrol Systems Limited)	41.03	100.00	1	

The above associates were incorporated in New Zealand with the exception of Halo Inductive Power Technologies Ltd, which was incorporated in Guernsey.

\*Non-trading entities

# Notes to the Financial Statements

for the year ended 31 December 2012

## 25 Investments (continued)

### Other investments

Auckland UniServices Limited has acquired shares in the following entities: Southern Photonics Ltd, Pathway Therapeutics Incorporated, Corra Life Sciences Inc., Proacta Inc., Fastec Ltd, ZyGEM Corporation Ltd, CoDa Therapeutics (NZ) Ltd, Structural Timber Innovation Company Ltd, PowerbyProxi Ltd, Ruga Corporation, Obodies Ltd and Vspars Ltd.

These entities are neither subsidiaries nor associates and each shareholding has a nil or nominal value of \$1 as at balance date (2011: \$1.00 each).

## 26 Related party transactions

Included within other revenue on the Statement of Comprehensive Income are dividends of \$1.7 million (2011: \$15.9 million). These dividends were received from an investee company of Auckland UniServices Limited.

### Auckland UniServices Limited

The University pays some of the salaries of Auckland UniServices Limited administrative staff and other administration costs which it recharges to the company. The University also charges Auckland UniServices Limited for costs incurred by departments and student scholarship costs against the company's projects and for rental on premises subleased from the University.

The amount of transactions charged by the University to Auckland UniServices Limited during 2012 was \$40.6 million (2011: \$35.0 million).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The amount of transactions charged by Auckland UniServices Limited to the University during 2012 was \$10.6 million (2011: \$12.8 million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.97 million (2011: \$1.4 million).

Balances outstanding at 31 December 2012 are:

1. Receivables	\$4,820,585	(2011: \$6,543,364)
2. Payables	\$1,676,293	(2011: \$1,429,567)
3. Loan from subsidiary	\$40,000,000	(2011: \$49,978,396)

Receivables are amounts owing to University departments for scholarship charges and sundry expenses paid on behalf of Auckland UniServices Limited. They are settled in the month following invoicing.

Payables are amounts owed by University departments for salaries, travel expenses and other charges paid on their behalf by Auckland UniServices Limited. They are settled in the month following invoicing.

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan has no fixed term and interest payments are set at the weighted average interest rate return on the University's deposits in any one month.

### Key management personnel compensation

Compensation of the key management personnel of the consolidated entity and the University is set out below:

	Consolidated/University	
	2012 Actual \$000	2011 Actual \$000
Short-term employee benefits	7,045	6,660
Post-employment benefits	1,072	977
<b>Total employee benefits</b>	<b>8,117</b>	<b>7,637</b>

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF**  
**THE UNIVERSITY OF AUCKLAND AND GROUP'S**  
**FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

The Auditor-General is the auditor of the University of Auckland (the University) and group. The Auditor-General has appointed me, Brent Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and non-financial performance information of the University and group on her behalf.

We have audited:

- the financial statements of the University and group on pages 49 to 79, that comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 30 to 44.

**Opinion**

In our opinion:

- the financial statements of the University and group on pages 49 to 79:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the University and group's:
    - financial position as at 31 December 2012; and
    - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and group on pages 30 to 44 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2012.

***Emphasis of matter – capital contributions from the Crown***

Without modifying our opinion, we considered the recognition, presentation and disclosure of income in advance in the statement of financial position and note 14 on page 72 and the corresponding release of revenue in the income statement. In our view, the substance of the transaction relating to Partnership for Excellence funding are equity in nature given that the Crown has an in-substance ownership interest in the University and has appropriated the funds as a capital contribution in order to increase the capability of the University.

Our audit was completed on 13 March 2013. This is the date at which our opinion is expressed.

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

**Basis of opinion**

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the University and group's preparation of the financial statements and

non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.

An audit also involves evaluating:

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

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

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Responsibilities of the Council**

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

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

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

#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

#### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. We provide sponsorship to the University for the Ernst & Young Chair of Financial Accounting. Ernst & Young Saudi Arabia has also provided tax compliance services to the branch of the University's subsidiary.

Other than the audit, sponsorship of the Ernst & Young Chair of Financial Accounting and tax compliance services, we have no relationship with or interests in the University or any of its subsidiaries.



Brent Penrose  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand

# Statement of resources

## Buildings

	2010	2011	2012
Gross area of University buildings (m <sup>2</sup> )	501,763	563,828	561,140

## Land

The University owns a total land area of 204.9ha. This includes 19.3ha on the City Campus, 3.2ha at Grafton, 32.4ha at the Tāmaki Campus, 11.5ha at Epsom, 1.5ha at Whangarei, 14.2ha at Waiheke and 122.6ha at Leigh Marine Research Laboratory and in various bush reserves.

## Library resources

	2010	2011	2012
<b>Collections</b>			
Printed books & theses	1,691,904	1,704,930	1,725,244
Printed serials (volumes)	572,872	572,790	409,261 <sup>^</sup>
<b>Total printed volumes</b>	<b>2,264,776</b>	<b>2,277,720</b>	<b>2,134,505</b>
Electronic books	420,958	491,058	557,270
Print serial titles	5,052	4,913	4,772
Electronic serial holdings	100,159	118,351	156,143
<b>Services</b>			
Loans - total	1,018,572	911,527	805,140
Library web page sessions	6,144,655	6,995,318	7,282,352
Library teaching sessions	1,861	1,606	1,494
Attendance at Library teaching sessions	25,803	21,361	20,641
Number of Libraries / Information Commons	14	15	15
General Library average open hours per week	90	90	90
Information Commons average open hours per week	113	113	113
Study spaces <sup>†</sup>	3,406	3,517	3,431
Study / training spaces with computers	1,150	1,157	1,155
Laptops for loan	189	155*	155
<b>Total number of study spaces<sup>†</sup></b>	<b>4,556</b>	<b>4,674</b>	<b>4,586</b>

<sup>^</sup> More than 150,000 volumes transferred to the CONZUL shared store.

<sup>†</sup> Study spaces fluctuated in last two years while new facilities were constructed at Tamaki and Grafton.

\* Numbers reduced when netbook pilot ceased.

# Glossary

Acronym	Expanded meaning
ABI	Auckland Bioengineering Institute
APRU	Associate of Pacific Rim Universities
CRI	Crown Research Institute
DHB	District Health Board
EFTS	Equivalent Full Time Students
ERI	External Research Income
FMHS	Faculty of Medical and Health Science
FTE	Full Time Equivalent
GPE	Grade Point Equivalent
HRC	Health Research Council
KPI	Key Performance Indicator
LSRI	Large Scale Research Institute
MANU-AO	Māori Academic Network across Universities in Aotearoa
MAPAS	Māori and Pacific Admission Scheme
MBIE	Ministry of Business, Innovation and Employment
NICAI	National Institute of Creative Arts and Industries (also referred to as faculty of)
NIH	National Institute of Health
NIWA	National Institute of Water and Atmospheric Research
OECD	Organisation for Economic Cooperation and Development
PBRF	Performance Based Research Fund
PfX	Partnerships for Excellence
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
UTAS	Undergraduate Targeted Admission Scheme
U21	Universities 21
WUN	Worldwide Universities Network